

KEEGAN WERLIN LLP

ATTORNEYS AT LAW
265 FRANKLIN STREET
BOSTON, MASSACHUSETTS 02110-3113

(617) 951-1400

TELECOPIERS:
(617) 951-1354
(617) 951-0586

July 10, 2006

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

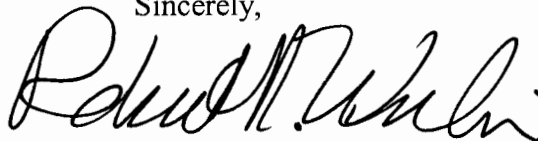
Re: NSTAR Electric Company, D.T.E. 06-40

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter are the responses to the Information Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert N. Werlin". The signature is fluid and cursive, with the first name "Robert" and last name "Werlin" clearly distinguishable.

Robert N. Werlin

Enclosures

cc: Service List

Responses to Information Requests

DTE-1-21

DTE-2-8

DTE-2-11

DTE-2-12

MIT-1-1

MIT-1-4

MIT-1-7

MIT-1-14

AG-1-4

AG-1-5

AG-1-6

AG-1-7

AG-1-8

AG-2-11

Information Request DTE-1-21

On September 15, 2005, the Companies filed a notice of their intent to file a general rate proceeding with the Department that would have sought a distribution rate increase for Cambridge of \$2.1 million (Settlement Agreement at 2). Please recalculate what the distribution rate increase for Cambridge would have been assuming that the 13.8 kV facilities were included as distribution plant in that filing. In performing this computation, please use a return on common equity of 10.5 percent.

Response

Please refer to Attachment DTE-1-21 for a calculation of the distribution rate increase for Cambridge assuming that the 13.8 kV facilities were included as distribution plant in that filing. As requested, a return of common equity of 10.5 percent was used. The 13.8 kV plant balance at the time was \$51.9 million with accumulated depreciation of \$18.6 million. As a result of inclusion of the 13.8 kV facilities and using a 10.5 percent return on equity, the distribution rate increase for Cambridge would have been \$8.9 million.

Distribution Revenue Requirement (\$ in Millions)

Line	Description	Distribution	Reference
	Col. A	Col. B	Col. C
1	Operations & Maintenance Expense	\$ 13.053	Exh. CLV-2, Page 3 line 11, Col. B
2	Depreciation & Amortization	5.494	Exh. CLV-2, Page 4 line 52, Col. H
3	Taxes Other than Income Taxes	2.015	Exh. CLV-2, Page 5 line 3, Col. G
4	Allowance for Income Taxes	2.366	Exh. CLV-2, Page 6 line 13, Col. B
5	Return on Rate Base	<u>6.459</u>	Exh. CLV-2, Page 7 line 23, Col. G
6	Distribution Revenue Requirement	\$ 29.387	Sum of lines 1 thru 5
7	Operating Revenues	(21.928)	Exh. CLV-2, Page 8 line 24, Col. G
8	Revenue Deficiency (Surplus)	\$ 7.459	line 6 + line 7

If transfers not approved deficiency increases by these amounts:

9	Revenue Working Capital Transferred to Basic Service	1.119	Exhibit CLV-5 Page 1 line 17, Col D
10	Bad Debts recovered through Basic Service	0.316	Exhibit CLV-3 Page 2 line 8, Col. C
11	Total Filing Deficiency	\$ 8.894	line 8 + line 9 + line 10

Operations & Maintenance Expense (\$ in Millions)

Line	A/C	Description	Per Books	Less	Less	Less	Distribution	Reference
			Total	Transmission	Transition, Energy Supply, DSM, PAM	Other		
	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H
1	555	Purchased Power	\$ 74.018	\$ -	\$ 74.018	\$ -	\$ -	
2	556	System Control & Load Dispatching	0.033	-	-	-	0.033	
3	557	Other Expenses	15.613	-	15.613	-	0.000	A/C 557710
4		Total Power Supply Expense	\$ 89.664	\$ -	\$ 89.631	\$ -	0.033	Exhibit CAM-CLV-8 line 4
5	560	Operation Supervision and Engineering	0.076	0.076	-	-	-	
6	561	Load Dispatching	0.506	0.506	-	-	-	
7	562	Station Expense	0.015	0.015	-	-	-	
8	563	Overhead Lines Expenses	0.003	0.003	-	-	-	
9	564	Underground Lines Expenses	0.003	0.003	-	-	-	
10	565	Transmission of Electricity by Others	28.419	27.861	0.558	-	-	
11	566	Miscellaneous Transmission Expenses	0.010	0.010	-	-	-	
12	567	Rents	-	-	-	-	-	
13	568	Maintenance Supervision and Engineering	0.012	0.012	-	-	-	
14	569	Maintenance of Structures	-	-	-	-	-	
15	570	Maintenance of Station Equipment	0.006	0.006	-	-	-	
16	571	Maintenance of Overhead Lines	(0.000)	(0.000)	-	-	-	
17	572	Maintenance of Underground Lines	0.003	0.003	-	-	-	
18	573	Maintenance of Misc. Transmission Plan	-	-	-	-	-	
19		Transmission	29.052	28.494	0.558	-	-	Exhibit CAM-CLV-8 line 19, Note C
20	580	Operation, Superv & Engineering	0.354	-	-	-	0.354	Note B - allocator = .000%
21	581	Load Dispatching	0.160	-	-	-	0.160	Note B - allocator = .000%
22	582	Station Expenses	0.822	-	-	-	0.822	Note B - allocator = .000%
23	583	Overhead Line Exp	0.205	-	-	-	0.205	
24	584	Underground Line	0.354	-	-	-	0.354	Note B - allocator = .000%
25	585	Street Lighting & Signal System	0.008	-	-	-	0.008	
26	586	Meter Expenses	0.390	-	-	-	0.390	
27	587	Customer Installation	0.055	-	-	-	0.055	
28	588	Misc. Distribution	0.346	-	-	0.001	0.345	Note B - allocator = .000%
29	589	Rents	0.508	-	-	-	0.508	Note B - allocator = .000%
30	590	Maint Supervision	0.233	-	-	-	0.233	Note B - allocator = .000%
31	591	Maintenance of Structures	0.082	-	-	-	0.082	Note B - allocator = .000%
32	592	Maint of Station	0.250	-	-	-	0.250	Note B - allocator = .000%
33	593	Maint of Overhead	0.253	-	-	-	0.253	
34	594	Maint of Underground Lines	0.298	-	-	-	0.298	Note B - allocator = .000%
35	595	Maint of Line Transformers	-	-	-	-	-	
36	596	Maint of Street Lights & signal	0.001	-	-	-	0.001	
37	597	Maint of Meters	-	-	-	-	-	
38	598	Maint of Misc Distribution	0.070	-	-	-	0.070	Note B - allocator = .000%
39		Distribution	4.389	-	-	0.001	4.388	Exhibit CAM-CLV-8 line 39
40	901	Supervision	0.084	-	-	-	0.084	
41	902	Meter Reading Exp	0.334	-	-	-	0.334	
42	903	Customer Records	1.297	-	-	-	1.297	
43	904	Uncollectable Accounts	0.094	-	-	-	0.094	
44	905	Misc. Customer Accounts	0.068	-	-	-	0.068	
45		Customer Accounts	1.877	-	-	-	1.877	Exhibit CAM-CLV-8 line 45
46	907	Supervision	-	-	-	-	-	
47	908	Customer Assistance	4.188	-	4.188	-	-	Collected in DSM
48	909	Informational & Instructional	0.012	-	-	-	0.012	
49	910	Misc. Customer Service	0.223	-	-	0.042	0.181	Dues/Memberships
50		Customer Service	4.423	-	4.188	0.042	0.193	Exhibit CAM-CLV-8 line 50
51	911	Supervision	0.043	-	-	-	0.043	
52	912	Demonstration and Selling	0.001	-	-	-	0.001	
53	913	Advertising	-	-	-	-	-	
54	916	Misc. Sales Expense	0.026	-	-	-	0.026	
55		Sales	0.070	-	-	-	0.070	Exhibit CAM-CLV-8 line 55
56	920	Admin & General Salaries	1.612	0.058	-	0.000	1.554	Note A - allocator = 3.5940% & Dues/Memberships
57	921	Office Supplies & Expenses	0.632	0.023	-	0.000	0.610	Note A - allocator = 3.5940% & Dues/Memberships
58	922	Admin Expenses Transferred	(0.317)	(0.011)	-	-	(0.305)	Note A - allocator = 3.5940%
59	923	Outside Services	0.316	0.011	-	-	0.304	Note A - allocator = 3.5940%
60	924	Property Insurance	0.035	0.007	-	-	0.028	Note A - allocator = 20.0881%
61	925	Injuries & Damage	0.292	0.011	-	-	0.282	Note A - allocator = 3.5940%
62	926	Employee Benefits	3.492	0.126	1.217	-	2.149	Transmission Allocation @ 3.5940% & 926128, 129 & adj
63	928	Regulatory Commission Expense	0.485	0.166	-	-	0.319	Note A - allocator specific assignment of FERC Assessments
64	930	General Ad Expense	0.107	0.001	-	0.007	0.099	Trans less gen adv Allocation @ 3.5940% & Dues/Memberships
65	931	Rents	0.339	0.012	-	0.000	0.327	Note A - allocator = 3.5940% & Dues/Memberships
66	935	Maint of General	-	-	-	-	-	
67		Admin	6.995	0.403	1.217	0.007	5.367	Exhibit CAM-CLV-8 line 67
68		Total	136.470	\$ 28.897	\$ 95.595	\$ 0.050	\$ 11.929	line 4 + 19 + 39 + 45 + 50 + 55 + 67

Note A Transmission is allocated using the Plant Allocator, the Wages & Salaries allocator, or specific assignment. The Allocators are shown on Exh CAM-CLV-9, Page 1, lines 11 and 1 Allocation is per the ISO New England Tariff Schedule 21, Original Sheet 2064-5, paragraph The transmission allocator from that exhibit is shown in the reference column and are described on tariff sheets 2051 and 205

Note B Transmission is allocated the 13.8KV portion of distribution. The amount is calculated by multiplying the total balance in Col.C by the allocators on Exh CAM-CLV-9, Page 4, Lines 1 thru The transmission allocator from that exhibit is shown in the reference column Allocation is per the ISO New England Tariff Schedule 21, Original Sheet 2064, paragraph 1

Note C Allocation is per the ISO New England Tariff Schedule 21, Original Sheet 2064, paragraph C

Operations & Maintenance Expense Adjustments (\$ in Millions)

Line	Description	Amount	Reference
	Col. A	Col. B	Col. C
1	Test Year Distribution O & M	\$ 11.929	Page 2 line 69, Col. G
2	Proforma O & M Adjustments:		
3	Labor	0.274	Exhibit CLV-3 Page 1 line 14, Col D
4	Bad Debts	0.138	Exhibit CLV-3 Page 2 line 9, Col. C
5	Rate Case Expense	0.019	Exhibit CLV-3 Page 3 line 9, Col. B
6	Insurance	0.016	Exhibit CLV-3 Page 4 line 10, Col. G
7	Inflation	0.243	Exhibit CLV-3 Page 5 line 9, Amount
8	Service Guarantee Fees	(0.000)	per workpaper
9	Security, Safety and Quality Improvement Program	0.435	per workpaper
10			
11	Rate Year O & M eligible for recovery	\$ 13.053	Sum of Lines 1 through 10

Depreciation & Amortization Expense (\$ in Millions)

Line #	A/C	Description	Per Books Asset Balance	Less Transmission Balance	Distribution Balance	Test Year Depreciation Rate	Proposed Depreciation Rate	Rate Year Deprec & Amort	Reference	Original Cost Deprec Sch Reference
	Col. A	Col. B	Col. C	Col. D	Col. E (Col.C - Col.D)	Col. F	Col. G	Col. H (Col.G * Col.E)	Col. I	Col. J
1		Intangible Plant								
2		Intangible Transmission								
3		Intangible Software 5 year	0.612	0.022	0.590	20.00%	16.19%	0.096	Note B	
4		Intangible Software 10 year	1.839	0.066	1.773	20.00%	9.88%	0.175	Note B	
5		Intangible Software 15 year	0.233	0.008	0.225	20.00%	Fully Depr		Note B	
6	303	Intangible Plant/Software Amortization	2.684	0.096	2.588	0.600	0.261	0.271	FF1, p.208, I.1, col.b	
7										
8		Transmission	\$ 33.901	\$ 33.901	\$ -	NA	NA		FF1, p.208, I.7, col.b	
9										
10		Distribution Plant								
11	360	Land & Land Rights	\$ 0.238		\$ 0.238			\$ -	Note A	
12	361	Structures & Improvements	2.305		2.305	2.68%	1.19%	0.027	Note A	
13	362	Station Equipment	36.277		36.277	2.85%	2.09%	0.758	Note A	
14	363	Storage Battery Equipment	-		-			-		
15	364	Poles, Towers & Fixtures	2.795		2.795	4.24%	2.90%	0.081		
16	365	OH Conductors & Devices	5.850		5.850	4.21%	2.74%	0.160		
17	366	UG Conduit	19.963		19.963	2.27%	2.74%	0.547	Note A	
18	367	UG Conductors & Devices	47.994		47.994	2.98%	3.57%	1.713	Note A	
19	368	Line Transformers	4.107		4.107	3.08%	3.38%	0.139		Per Deprec Sch
20	369.1	Services - Overhead	1.770		1.770	6.38%	2.46%	0.044	Note C	1.861
21	369.2	Services - Underground	4.259		4.259	2.71%	2.61%	0.111	Note C	4.478
22	370	Meters	3.505		3.505	4.14%	6.54%	0.229		
23	373	Street Lighting	0.838		0.838	5.57%	7.34%	0.061	Adjustment \$2.960 to reflect '05 sale	
24		Total Dist Plant	\$ 129.901	\$ -	\$ 129.901		3.07%	\$ 3.872	FF1, p.208, I.8, col.b	
25										
26		GENERAL PLANT								Per Deprec Sch
27	389	Land & Land Rights	0.291	0.010	0.280				Note B	
28	390	Structures & Improvements - Major	2.363	0.085	2.278	1.91%	1.76%	0.040	Note B & Note C	2.569
29		Structures & Improvements - Minor	0.041	0.001	0.039	1.91%	2.60%	0.001	Note B & Note C	0.044
30	390.1	Structures & Improvements - Leaseholds	0.005	0.000	0.005		0.90%	0.000	Note B & Note C	0.005
31	391	Office Furniture & Equipment - Furn	0.308	0.011	0.297	3.64%	6.89%	0.020	Note B & Note C	0.295
32		Office Furniture & Equipment - Comp	0.278	0.010	0.268	3.64%	21.91%	0.059	Note B & Note C	0.266
33	392	Transportation Equipment	-	-	-			-	Note B	
34	393	Stores Equipment	0.018	0.001	0.018	4.53%	5.01%	0.001	Note B	
35	394	Tools, Shop & Garage Equipment	0.016	0.001	0.015	3.73%	512.13%	0.077	Note B	
36	395	Laboratory Equipment	-	-	-	3.08%		-	Note B	
37	396	Power Operated Equipment	-	-	-			-	Note B	
38	397	Communication Equipment	0.007	0.000	0.007	3.75%	11.77%	0.001	Note B	
39	398	Miscellaneous Equipment	0.031	0.001	0.030	3.65%	28.83%	0.009	Note B	
40	399	Other Tangible Property	-	-	-			-	Note B	
41		TOTAL GENERAL	\$ 3.358	\$ 0.121	\$ 3.238	4.03%	6.19%	\$ 0.208	FF1, p.208, I.9, col.b	
42										
43		TOTAL Depreciation	\$ 169.845	\$ 34.119	\$ 135.726			\$ 4.350	Line 6 + Line 8 + Line 24 + Line 41	
44										
45		Amortization								
46	182									
47	182									
48	186	Goodwill				40 years		0.489	A/C 407320 Exh. CLV-11, P.1	
49	186	Cost to Achieve non-deductible amort				10 years		0.011	A/C 407330 Exh. CLV-11, P.1	
50	186	Cost to Achieve deductible amort				10 years		0.644	A/C 407340 Exh. CLV-11, P.1	
51		Subtotal: Amortization						\$ 1.144	Sum of Lines 46 through 50	
52		Recoverable Depreciation and Amortiza	\$ 169.845	\$ 34.119	\$ 135.726			\$ 5.494	Line 43 + Line 51	
53										
54		Test Year Depreciation and Amortization								
55	404060	Amortization - Intangible Plant						0.433	Exh CLV-11, P.1	
56	403160	Depreciation - Transmission						0.866	Exh CLV-11, P.1	
57	403150	Depreciation - Distribution						4.068	Exh CLV-11, P.1	
58	403180	Depreciation - General						0.088	Exh CLV-11, P.1	
59	403140	Depreciation - General : PCs						-	Exh CLV-11, P.1	
60	404020	Amortization - General Leaseholds						-	Exh CLV-11, P.1	
61	407	Amortization - Goodwill, CTA and Other						1.144	Exh CLV-11, P.1	
62		Subtotal Plant Depreciation and Amortization test year						\$ 6.599	Sum of Lines 55 through 61	

Note A Transmission is allocated the 13.8KV portion of distribution. See Exh CAM-CLV-9, Page 4, Lines 1 thru 13
Allocation is per the ISO New England Tariff Schedule 21, Original Sheet 2058, paragraphs A.1.b

Note B The transmission allocation of Intangible and General plant is made using the Wages and Salaries Allocator shown on Exh CAM-CLV-9, Page 1, line 16 being 3.594%
This allocator is multiplied by the asset in Column C to arrive at the transmission portion in Column D
Allocation is per the ISO New England Tariff Schedule 21, Original Sheet 2059, paragraphs A.1.c, and sheets 2051-2052

Note C Accounts 369,390 & 391 are not segregated in the FORM 1 accounts and the original costs from the depreciation study in Col. J have been used to allocate the amounts

Taxes Other Than Income Taxes (\$ in Millions)

Line	Acct	Description	Balance	Transmission	Less	Less	Plus	Form 1	Reference
	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	
		Payroll Taxes							
1		Payroll Taxes	\$ 0.404	0.015		0.011	\$ 0.401		Line 13
		Line 3 Col. D Line 1 * 3.5940% (Line 3 Cols. C + F)							Transmission Allocation @ 3.5940%
		Col F = Line 1 Col. C * Labor Increase Exh CLV-3, Page 1, Line 15 being 5.644% * Payroll Tax Allocator Exh CLV-9, Page 1, Line 17 being 50.246%							ISO New England Tariff, Sheet 2064, F
		Property Taxes							
2	408	Property Taxes	\$ 1.805	0.363		0.171	\$ 1.614		Line 5
		Line 8 Col. D Line 2 * 20.0881%							Transmission Allocation @ 20.0881%
		Line 8 Col. F Exhibit CAM-CLV-4 line 13							ISO New England Tariff, Sheet 2064, E
3		Taxes Other Than Income Taxes	\$ 2.210	\$ 0.378	\$ -	\$ 0.183	\$ 2.015		Line 1 + Line 2
		Test year detail							
4	408380	Other Municipal Property Tax	1.805						Exh. CLV-11, Page 1
5		Total Utility Property Taxes (excludes non-utility)	1.805341						
6	408000	Allocated Payroll Tax expenses	0.070						Exh. CLV-11, Page 1
7	408500	Capitalization Transferred Credits							Exh. CLV-11, Page 1
8	408570	Reallocation Offset	0.050						Exh. CLV-11, Page 1
9	408880	Payroll Taxes - Transferred Credit	(0.088)						Exh. CLV-11, Page 1
10	408902	Inter Co reclass Payroll Taxes	0.062						Exh. CLV-11, Page 1
11	408910	Payroll Tax Transfer to Service Co							Exh. CLV-11, Page 1
12	408920	Payroll Taxes Billed from Service Co	0.312						Exh. CLV-11, Page 1
13		Total Payroll Tax	0.404						Sum of Line 6 through Line 12
14		Total Account 408 "Utility ther Taxes" (excludes non-utility)	2.210						Line 5 + Line 13
		Reconciliation to FORM 1							
15		FERC Form 1 Annual 2004 P.114, Line 14	2.102						FERC Form 1s
16		Less FERC Form 1 second Quarter 2004 P.114, Line 14	(1.016)						FERC Form 1s
17		Plus FERC Form 1 second Quarter 2005 P.114, Line 14	1.123						FERC Form 1s
18		Total Account "Other Taxes" FORM 1 period July 2004 - June 2	2.210						Sum of Line 15 through Line 17

D.T.E. 05-85
Cambridge Electric Light Company
Exhibit CAM-CLV-2
Page 6 of 10

Allowance for Income Taxes (\$ in Millions)

Line	Description	Amount	Reference
	Col. A	Col. B	Col. C
1	Equity Return Requirement on Distribution Rate Base	\$ 3.677	Page 7, Line 22, Col. G
2	Goodwill Amortization	0.489	Page 4, Line 48, Col. H
3	Cost to Achieve Amortization - Non-Deductible	0.011	Page 4, Line 49, Col. H
4	Depreciation on Basis Differences	0.080	per workpaper
5	ARAM excess reserves amortization	(0.186)	per workpaper
6	Amortization of Investment Tax Credits	(0.057)	A/C 406, CLV-11, P.1
7	Amortization of Investment Tax Credits - Transmission Allocation	0.011	- Line 6 * 20.0881%
8	Equity Return after Adjustments	\$ 4.025	Sum of Lines 1 through 7
9	Tax Factor (T / (1 - T))	0.6454	Line 24
10	Income taxes on return required	\$ 2.598	Line 8 * Line 9
11	ARAM Excess reserve amortization	(0.186)	Line 5
12	Net Amortization of Investment Tax Credits	(0.046)	Line 6 + Line 7
13	State & Federal income taxes	\$ 2.366	Sum of Lines 10 through 12
14			
15	Taxable Income	100.000%	
16	Massachusetts Corporate Franchise Tax	6.500%	
17	Taxable Income After Corporate Franchise Tax	93.500%	Line 15 - Line 16
18	Federal Tax Rate	35.000%	
19	Federal Corporate Income Tax	32.725%	Line 17 x Line 18
20	Massachusetts Corporate Franchise Tax	6.500%	Line 16
21	State and Federal Taxes (T)	39.225%	Line 19 + Line 20
22			
23	Net Income After Taxes on Income (1-T)	60.775%	1 - line 21
24	State and Federal Taxes / Net Income After Taxes on Income	0.6454	Line 21 / Line 23

Note A The transmission allocation of ITC is made using the Plant Allocator shown on Exh CLV-9, Page 1, line 11 being 51.2% Allocation is per the ISO New England Tariff Schedule 21, Original Sheet 2064, paragraph D & Sheet 2052

Return on Rate Base (\$ in Millions)

Line	Acct Col. A	Rate Base Col. B	Per Books	Less	Less	Less	Distribution Col. G	Reference Col. H
			Total Col. C	Transmission Col. D	Transition, Energy Supply, DSM, PAM Col. E	Other Col. F		
1		Gross Utility Plant in Service	\$ 169.845	\$ 34.119	\$ -	\$ -	\$ 135.726	Page 4, Line 52, Cols. C, D, E
2								
3		Accum. Amortization - Intangible	0.877	0.032			0.846	FF1, p.208, I.1, Col.C & Note B
4		Accum. Depreciation - Transmission	9.429	9.429			-	FF1, p.208, I.7, Col.C
								FF1, p.208, I.8, Col.C adjusted for
5		Accum. Depreciation - Distribution	46.603	-			46.603	streetlight sale & Note A
6		Accum. Depreciation - General - Other	0.012	0.000			0.011	FF1, p.208, I.9, Col.C & Note B
7		Total Depreciation & Amortization	\$ 56.921	\$ 9.461	\$ -	\$ -	\$ 47.460	Sum Lines 3 through 6
8								
9		Net Plant	\$ 112.924	\$ 24.658	\$ -	\$ -	\$ 88.266	Sum Lines 1 + 7
10								
11		Working Capital				2.247	2.247	Exhibit CLV-5 Page 1 Line 10
12	154	Materials and Supplies	1.574	0.059			1.515	Note C
13								
14	252010	Construction/temp service advances	(0.452)				(0.452)	FF1, p.113, I.56, Col c
15	253010	Uncashed Checks	-				-	FF1, p.269, I.1 Col f
16	253310	Contributions In Aid of Construction	(0.036)				(0.036)	per General Ledger
17	190	Accumulated Deferred Income Taxes	4.046	0.205	3.039	0.107	0.696	Exhibit CLV-6 Line 9, Note D
18	282	Accumulated Deferred Income Taxes	(25.874)	(5.198)	-	-	(20.677)	Exhibit CLV-6 Line 13, Note D
19	283	Accumulated Deferred Income Taxes	(10.155)	(0.440)	(7.232)	(0.960)	(1.523)	Exhibit CLV-6 Line 20, Note D
20								
21		Rate Base					\$ 70.036	Sum of lines 9 through line 19
22		Equity at			5.25%	Line 21 x 5.25%	\$ 3.677	Exhibit CLV-2, Page 9, Col E, Lines 2
23		Total Return at			9.22%	Line 21 x 9.22%	\$ 6.459	plus 3 Exhibit CLV-2, Page 9, Col E, Line 4

Note A Transmission is allocated the 13.8KV portion of distribution. The Accumulated Depreciation amount is calculated on Exh CAM-CLV-9, Page 4, Line 30

Note B The transmission allocation of Intangibe and General plant is made using the Wages and Salaries Allocator shown on Exh CAM-CLV-9, Page 1, line 16
Allocation is per the ISO New England Tariff Schedule 21, Original Sheet 2059, paragraph A.1.e

Note C Allocation is per the ISO New England Tariff Schedule 21, Original Sheet 2060-61, paragraph A.1.j

Note D Allocation is per the ISO New England Tariff Schedule 21, Original Sheet 2059, paragraph A.1.f

Distribution Revenues (\$ in Millions)

Line	A/C	Description	Per Books Balance	Less Transmission	Less Transition, Energy Supply, DSM, PAM	Less Other	Distribution	Reference
	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H
1		<u>Sales of Electricity</u>						
2	440	Residential Sales	\$ 25.480	\$ 4.053	\$ 13.670	\$ -	\$ 7.756	Exhibit CLV-7 line 25
3	442	Commercial and Industrial Sales	121.197	21.420	87.227	-	12.550	Exhibit CLV-7 line 48
4	444	Public Street and Highway Lighting	1.401	0.146	0.511	0.454	0.291	Exhibit CLV-7 line 58
5		TOTAL Sales to Ultimate Consumers	\$ 148.078	\$ 25.619	\$ 101.409	\$ 0.454	\$ 20.597	Sum of Lines 2 through 4
6	447	Sales for Resale	6.059	-	6.059	-	-	Exhibit CLV-7 line 60
7		TOTAL Sales of Electricity	\$ 154.138	\$ 25.619	\$ 107.468	\$ 0.454	\$ 20.597	Line 5 + Line 6
8	449.1	(Less) Provision for Rate Refunds	1.275	-	-	1.275	-	Exhibit CLV-7 line 61
9		TOTAL Revenues Net of Prov. for Refunds	\$ 152.863	\$ 25.619	\$ 107.468	\$ (0.821)	\$ 20.597	Line 7 - Line 8
10		<u>Other Operating Revenues</u>						
11	450	Forfeited Discounts	\$ 0.199	\$ -	\$ -	\$ -	\$ 0.199	Exhibit CLV-7 line 62
12	451	Miscellaneous Service Revenues	-	-	-	-	-	Exhibit CLV-7 line 86
13								
14	454	Rent from Electric Property	0.603	0.497	-	-	0.106	Exhibit CLV-7 line 98
15	456	Other Electric Revenues	7.471	3.764	2.741	-	0.967	Exhibit CLV-7 line 115
16		TOTAL Other Operating Revenues	\$ 8.273	\$ 4.261	\$ 2.741	\$ -	\$ 1.271	Sum of Lines 11 through 15
17		TOTAL Electric Operating Revenues	\$ 161.136	\$ 29.880	\$ 110.209	\$ (0.821)	\$ 21.868	Line 9 + Line 16
18		<u>Revenue Credits/Adjustments</u>						
19								
20	417	Miscellaneous Revenues	-	-	-	-	-	Exhibit CLV-7 line 6
21		Service Fees					0.060	per worksheet
22							-	
23		Total Revenue Credits/Adjustments					0.060	Sum of Lines 19 through 22
24		Distribution Revenues and Revenue Credit	\$ 161.136	\$ 29.880	\$ 110.209	\$ (0.821)	\$ 21.928	Line 17 + Line 23

25	Reconciliation to FERC FORM 1				Less:	Add:	
26				12 months	2nd Quarter	2nd Quarter	12 months
27				ended 12/31/04	2004	2005	ended 6/30/05
28	440	Residential Sales	\$ 24.373	\$ 12.055	\$ 13.162	\$ 25.480	
29	442	Commercial and Industrial Sales	116.377	54.886	57.898	119.389	
30	442	Commercial and Industrial Sales	2.095	1.058	0.771	1.809	
31	444	Public Street and Highway Lighting	1.687	0.830	0.543	1.401	
32	TOTAL SALES TO ULTIMATE CUSTOMERS		144.532	68.829	72.374	148.078	
33	447	Sales for Resale	6.508	3.530	3.082	6.059	
34	TOTAL SALES OF ELECTRICITY		151.041	72.359	75.456	154.138	
35	449.1	(Less) Provision for Rate Refunds	1.230	(0.056)	(0.012)	1.275	
36	TOTAL REVENUE NET OF PROVISION		149.810	72.415	75.468	152.863	
37							-
38	450	Forfeited Discounts	0.195	0.088	0.092	0.199	
39	451	Miscellaneous Service Revenues					-
40							
41	454	Rent from Electric Property	0.613	0.319	0.309	0.603	
42	456	Other Electric Revenues	7.264	2.307	2.514	7.471	
43	TOTAL ELECTRIC OPER REVENUES		\$ 157.881	\$ 75.129	\$ 78.383	\$ 161.136	

COST OF CAPITAL (\$ in Millions)

Per book

Line	Class of Capital	Per Book Amount 6/30/2005	Percent of Capital*	Cost	Rate of Return	Reference
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F
1	Long Term Debt	\$ 24.966	50.00%	7.94%	3.97%	CLV-2 Page 10
2	Preferred & Preference Stock	-	0.00%	0.00%	0.00%	
3	Common Equity	<u>88.109</u>	<u>50.00%</u>	10.50%	<u>5.25%</u>	Line 12
4	Total	<u>\$ 113.075</u>	<u>100.00%</u>		<u>9.22%</u>	Sum of Lines 1 through 3

* Note: Equity ratio is high due to plans to merge utilities. DTE 50% / 50% ratio used

	A/C #	TOTAL COMMON EQUITY	Balance @ 6/30/2005	Reference
5	201	Common Stock	\$ 8.665	FF1, P. 112, line 2, Col. C
6	207	Premium	54.132	FF1, P. 112, line 6, Col. C
7	216	Retained Earnings	25.312	FF1, P. 112, line 11 + line 12, Col. C
8	438	Common Stock Dividends	-	
9		TY Per Book Common Equity	<u>\$ 88.109</u>	Sum L. 5 thru 8
10		Post Test Year Activity:		
11		Special Dividend	<u>\$ -</u>	
12		Total Common Equity	<u>\$ 88.109</u>	L. 9 + L. 11

Cost of Long Term Debt (\$ in Millions)

Line	Face Amount A/C #	Series	Rate	Date Issued	Maturity Date	Principal Amount	Carrying Value	Annual Interest & Amort. Expense	Embedded Cost
	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I
1	224308	Senior Note	7.620%	11/24/99	11/01/06	\$ 20.000	\$ 19.972	\$ 1.545	7.74%
2	224310	Series H	8.700%	03/01/92	03/01/07	5.000	4.994	0.438	8.78%
3		Total Long Term Debt				<u>\$ 25.000</u>	<u>\$ 24.966</u>	<u>\$ 1.984</u>	7.94%
4			Face	Unamortized Balance					
5			Amount	Premium or	Issue	Call	Carrying		
6		Series	Outstanding	(Discount)	Expense	Expense	Value		
7	224308	Senior Note	\$ 20.000	\$ -	\$ (0.028)	\$ -	\$ 19.972		
8	224310	Series H	5.000	-	(0.006)	-	4.994		
9		Total	<u>\$ 25.000</u>	<u>\$ -</u>	<u>\$ (0.034)</u>	<u>\$ -</u>	<u>\$ 24.966</u>		
10			Total Interest & Issue Costs						
11			Total	Total	Amortization				
12			Amortization	Annual	&				
13		Series	Expense	Interest	Interest				
14		Senior Note	\$ 0.021	\$ 1.524	\$ 1.545				
15		Series H	\$ 0.003	\$ 0.435	\$ 0.438				
16		Total	<u>\$ 0.025</u>	<u>\$ 1.959</u>	<u>\$ 1.984</u>				
17			Premium or (Discount)			Issue Expenses		Call Premium	
18			Original	Unamortized		Original	Unamortized		Unamort.
19			Prem. or	Balance at	Annual	Issue	Balance	Annual	Balance at
20		Rate	(Discount)	6/30/2005	Amortization	Expenses	6/30/2005	Amortization	6/30/2005
21	181020	Senior Note	\$ -	\$ -	\$ -	\$ 0.149	\$ 0.028	0.021	\$ -
22	181060	Series H	-	-	-	0.049	0.006	0.003	-
23		Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.199</u>	<u>\$ 0.034</u>	<u>\$ 0.025</u>	<u>\$ -</u>

Note A Balances for the indicated accounts can be found on CLV-10

Distribution Labor Increases (\$ in Millions)

Line	Description	Union	Non-Union	Total	Reference
	Col A	Col B	Col C	Col D	Col E
1	Total Test Year Distribution Payroll Costs	\$ 2.168	\$ 2.678	\$ 4.846	Exhibit CLV-9, Page 3 Line 40 & 41
2	<u>Annualized Test Year Wage Increases</u>				
3	Effective Date	05/29/05	05/05/05		Per Contract
4	Percent Increase	3.00%	3.00%		Per Contract
5	Days from Jul 1 to next effective date	319	307		Line 10 - July 1, 2005
6	Increase to Annualize	\$ 0.057	\$ 0.068	\$ 0.124	Line 1 * Line 4 * Line 5 / 365 days
7	Annualized Test Year Base Wages	\$ 2.225	\$ 2.746	\$ 4.971	Line 1 + Line 6
8	<u>Post Test Year Wage Increases</u>				
9	General Wage Increase				
10	Effective Date	05/16/06	05/04/06		Per Contract
11	Percent Increase	3.00%	3.00%		Per Contract
12	Wage Increase	\$ 0.067	\$ 0.082	\$ 0.149	Line 7 * Line 11
13	Rate Case Base Wage Level	\$ 2.292	\$ 2.828	\$ 5.120	Line 7 + Line 12
14	Total Payroll Adjustment	\$ 0.124	\$ 0.150	\$ 0.274	Line 13 - Line 1
15	Payroll Percentage Adjustment			<u>5.644%</u>	Line 14 / Line 1

Bad Debt Adjustment (\$ in Millions)

Line	Year	Retail		Experience		Reference (Col. B)
		Revenues	Amount	Rate		
	Col. A	Col. B	Col. C	Col. D		Col. E
1	2003	\$ 130.596	\$ 0.602	0.4611%		per workpaper
2	2004	146.799	0.388	0.2643%		per workpaper
3	2005	148.078	0.508	<u>0.3431%</u>		Exhibit CLV-2 Page 8 line 5
4	Average rate	\$ 141.824	\$ 0.499	<u>0.3521%</u>		Average of lines 1 - 3
5	Rate Year	\$ 155.537	\$ 0.548	0.3521%		Col C = Col B * Col D
6	Less: Test Year Bad Debt Expense		0.094			Exhibit CLV-2, page 2, line 43, Col. G
7	Bad Debt Adjustment		\$ 0.453			Line 5 - Line 6
8	Less Bad Debts for Basic Service	\$ 89.694	\$ 0.316	0.3521%		Exh CLV-7 Page 3 line 117, Col. E
9	Net Bad Debt Adjustment		\$ 0.138			Line 7 - Line 8

Note

Rate Year Revenues

10	Test year Revenues	148.078				Line 3 above
11	Rate Deficiency	<u>7.459</u>				Exh. CLV-2, Page 1, Line 8
12	Rate Year Revenues	\$ 155.537				Lines 10 plus 11

149

0.0

Rate Case Expense Adjustment (\$ in millions)

Line	Description	Amount	Reference
	Col. A	Col. B	Col. C
1	Estimated Costs:		
2	Rate Case Filing/Legal	\$ 2.400	
3	PBR Filing/Legal	0.920	
4	Total Estimated Costs	\$ 3.320	Sum L. 2 thru 3
5	NSTAR Labor Allocator	2.911%	
6	Allocated Estimated Rate Case Costs	\$ 0.097	line 4 * line 5
7	Projected Annual Cost	\$ 0.019	line 6 / line 20
8	Actual Rate Case Expense in Test Year	-	
9	Proforma Adjustment	\$ 0.019	line 7 - line 8

10	Calculation of Period Between Cases		
11	D.P.U./D.T.E.		# of Days
12	Rate Case	Date	Between
13	Docket #	Filed	Cases
14	89-109	May 17, 1989	
15	92-250	November 16, 1992	1,279
16	97-111	November 19, 1997	1,829
17	Current Filing	November 1, 2005	2,904
18	Average Days between last 3 rate cases (Lines 15 to 17)		2,004
19	Years (Line 18 / 365)		5.49
20	Years - Rounded		5

Insurance Adjustment (\$ in Millions)

Line	A/C	Description	Per Books	Less	Less	Plus	Less	Distribution	Reference
			Balance	Transmission	Transition, Energy Supply, DSM, PAM	Rate Year Adjustment	Transmission		
	Col. A	Col. B	Col. C	Col. D (Note A)	Col. E	Col. F	Col. G	Col. H	Col. I
1	924	Subtotal	\$ 0.035	0.007	\$ -	\$ 0.003	(0.001)	\$ 0.031	Note B & C
		Injuries & Damages							
2	925010	General Liability Claims	\$ (0.004)	\$ (0.000)		\$ (0.004)	\$ 0.000	\$ (0.008)	Note B & C
3	925030	Motor Vehicle							Note B & C
4	925050	Excess Liability	0.084	0.003		0.014	(0.001)	0.095	Note B & C
5	925060	Directors and Officers	0.022	0.001		0.005	(0.000)	0.026	Note B & C
6	925080	Workers Comp	0.022	0.001		(0.001)	0.000	0.020	Note B & C
7	925710	billed by service company	0.168	0.006			-	0.162	Note B & C
8	925	Total Injuries & Damages	\$ 0.292	\$ 0.011	\$ -	\$ 0.014	\$ (0.000)	\$ 0.295	Sum of Lines 2 thru 7
9		Total Insurance	\$ 0.328	\$ 0.018	\$ -	\$ 0.017	\$ (0.001)	\$ 0.326	Line 1 + Line 8
10		Net Increase (Decrease)					\$ 0.016		Cols F & G Line 9

Note A Account 924 is allocated to Transmission using the plant allocator 20.088% Exhibit CLV-9 line 11
Account 925 is allocated to Transmission using the labor allocator 3.594% Exhibit CLV-9 line 16
Allocation is per the ISO New England Tariff Schedule 21, Original Sheet 2064, paragraph I

Note B Per Book Balances are from CLV-11

Note C Adjustment per workpapers

D.T.E. 05-85
Cambridge Electric Light Company
Exhibit CAM-CLV-3
Page 5 of 5

Inflation Adjustment (\$ in Millions)

Line	Description	Amount	Reference
	Col A	Col B	Col C
1	Test Year Distribution O & M	\$ 11.929	Exhibit CLV-2 Page 2 line 69, Col. G
2	Distribution Labor	(4.846)	Exhibit CLV-3 Page 1 line 1, Col D
3	Rents	(0.835)	Exhibit CLV-2 Page 2 lines 29 and 65, Col. G
4	Bad Debts	(0.094)	Exhibit CLV-2 Page 2 line 43, Col. G
5	Insurance	(0.310)	Exhibit CLV-2 Page 2 lines 60 and 61, Col. G
6			
7	Residual O & M	\$ 5.843	Sum of Lines 1 through 6
8	Inflation Factor	4.167%	Line 33
9	Inflation Allowance	\$ 0.243	Line 7 * Line 8

	Calculation of Inflation Percentage (Note)	Inflation from mid-point of test year to mid-point of rate year
10		
11	1-Jan-05	1.920
12	1-Feb-05	1.930
13	1-Mar-05	1.930
14	1-Apr-05	1.930
15	1-May-05	1.940
16	1-Jun-05	1.940
17	1-Jul-05	1.940
18	1-Aug-05	1.950
19	1-Sep-05	1.950
20	1-Oct-05	1.950
21	1-Nov-05	1.960
22	1-Dec-05	1.960
23	1-Jan-06	1.970
24	1-Feb-06	1.970
25	1-Mar-06	1.970
26	1-Apr-06	1.980
27	1-May-06	1.980
28	1-Jun-06	1.980
29	1-Jul-06	1.980
30	1-Aug-06	1.990
31	1-Sep-06	1.990
32	1-Oct-06	1.990
33	1-Nov-06	2.000
		4.167%

Source:

Global Insight (USA), Inc. (May 2005)
Consumer Price Index, All-urban\BLS\
1982-84=1.00\Old DRI CPI; Old WEFA CPIU

Property Tax Adjustment (\$ in Millions)

Line	Town	Last Payment	Payment Frequency	Annualized Payment
	Col. A	Col. B	Col. C	Col. D
1	Cambridge	\$ 0.906	Semi-Annual	<u>\$ 2.068</u>
2	Property Taxes per Books:	<u>Amount</u>	<u>Percent</u>	
3	Cambridge Utility	1.805	97.64%	
4	Blackstone (Transition)	<u>-</u>	<u>0.00%</u>	
5	Utility	1.805	97.64%	
6	Non-Utility	<u>0.044</u>	<u>2.36%</u>	
7	Total Charged	<u>\$ 1.849</u>	<u>100.00%</u>	
8	Property Tax Adjustment			
9	Proforma Utility Property Taxes (L. 1, Col. D * L. 3, Col. C)			\$ 2.020
10	Less: blank			
11	Latest Retail Property Tax Payments			\$ 2.020
12	Less: Test Year Utility Property Tax Expense			<u>(1.805)</u>
13	Proforma Rate Year Adjustment			\$ 0.214
14	Allocated to Transmission (Note A)	20.0881%		0.043
15	Distribution Increase			\$ 0.171
16				
17	<u>Non-Utility</u>			
18	408211	108 Sherman		\$ 0.001
19	408212	Broadway & Portland		0.004
20	408213	Putnam-Rear		0.008
21	408213	180 Hampshire Street		0.007
22	408214	134-136 Amory		0.002
23	408216	Broadway		0.004
24	408216	126 Amory		0.001
25	408218	Putham		<u>0.015</u>
26				<u>\$ 0.044</u>

Note A Allocation is per the ISO New England Tariff Schedule 21, Original Sheet 2064, paragraph E

Cash Working Capital (\$ in Millions)

Line	Description	Net (Lead)/		Working Capital	Reference
		Lag Days	Test Year		
	Col A	Col B	Col C	Col D	Col E
				Col. C * Col B / 365 Days	
1	Fuel & Purchase Power		\$ 118.083		Exhibit CLV-2 Page 2, L. 4, 10 and 12
2	Less: Transmission Support (TCOS)		(4.065)		Exh CLV-9, Page 1, Line34
3	Less: Misc. Short Term Capacity Sales		(6.059)		Exhibit CLV-7 Page 2 line 59
4	Net Fuel & Purchase Power	30.00	\$ 107.958	\$ 8.873	Sum lines 1 thru 3
	This cash working capital associated with power should be recovered from the Basic service customers and we have not included this balance in this cost of service				
5	Operations and Maintenance Expense		\$ 13.053		Exhibit CLV-2 Page 3 line 11, Col. B
6	Less Bad Debts		(0.094)		Exhibit CLV-2 Page 2 line 43, Col. G
7	Less Bad Debts Adjustment		(0.138)		Exhibit CLV-2 Page 3 line 4, Col. B
8	Plus DSM		4.188		Exhibit CLV-2 Page 2 line 47, Col. E
9	Plus PAM		1.217		Exhibit CLV-2 Page 2 line 62, Col. E
10	Cash Working Capital	45	\$ 18.227	\$ 2.247	Sum lines 5 thru 9
	Working Capital Transferred to Basic Service				
11	Equity return			5.25%	Exhibit CLV-2 Page 7 line 22, Col. E
12	times tax factor			64.54%	Exhibit CLV-2 Page 6 line 9, Col. B
13	Tax to be recovered			3.39%	Multiply lines 11 and 12
14	Total return			9.22%	Exhibit CLV-2 Page 2 line 23, Col. E
15	Return plus taxes			12.61%	Sum line 13 thru 14
16	Working Capital associated with power			\$ 8.873	Line 4 above Col D
17	Revenue due to working capital associated with power			\$ 1.119	Multiply lines 15 and 16

D.T.E. 05-85
Cambridge Electric Light Company
Exhibit CAM-CLV-6
Page 1 of 1

Accumulated Deferred Income Taxes (ADIT - \$ in Millions)

Line	Description	Account	Per Books	Less	Less	Less	Distribution	Notes
			Balance	Transmission	Transition, Energy Supply, DSM, PAM	Other		
	Col A	Col B	Col C	Col D	Col E	Col F	Col G	Col H
1	Demand side management costs	190	\$ 1.674		1.674		-	
2	FAS109 Regulatory liability	190	0.390	0.078			0.312	Note A
3	Pension expense	190	1.416	0.051	1.365		-	Note B
4	Provision for rate refund	190	0.107			0.107	-	
5	Sales tax reserves	190	0.131	0.026			0.104	Note A
6	Self insurance reserves	190	0.149	0.030			0.119	Note A
7	Uncollectible accounts	190	0.083	-			0.083	
8	Other items	190	0.097	0.019	-	-	0.077	Note A
9	Total per Form 1, P. 234, L. 18, Col C	190	\$ 4.046	\$ 0.205	\$ 3.039	\$ 0.107	\$ 0.696	Sum Lines 1 through 8
10								
11	Property Items Depreciation	282		\$ -	\$ -	\$ -	\$ -	
12	Transition property	282.000		-	-	-	-	
13	Total	282	\$ 25.874	\$ 5.198	\$ -	\$ -	\$ 20.677	Note A
14								
15	Cost to achieve deferred	283	0.960			0.960	-	Not in Rate Base
16	Deferred transition costs	283	\$ 4.664		\$ 4.664	\$ -	-	Transition Charge
17	Post employment benefits accrued	283	1.590	0.057	1.532	-	-	PAM
18	Transmission deferrals	283	1.035		1.035	-	-	Transmission Charge
19	Other items	283	1.906	0.383	-	-	1.523	Note A
20	Total	283	\$ 10.155	\$ 0.440	\$ 7.232	\$ 0.960	\$ 1.523	Sum Lines 15 through 19

Note A = Transmission Plant Allocator, CLV-9, Page 1, Line 11 at 20.0881%

Note B = Transmission Wages & Salaries Allocator, CLV-9, Page 1, Line 16 at 3.5940%

Allocation is per the ISO New England Tariff Schedule 21, Original Sheet 2059, paragraph A.1.f

D.T.E. 05-85
Cambridge Electric Light Company
Exhibit CAM-CLV-7
Page 1 of 3

Detailed Revenue Accounts (\$ in Millions)

			Per Books	Less	Less	Less			
Line	Acct.	Description	Balance	Transmission	Supply, Energy	Other	Distribution	Reference	
	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	
1	41700	Wireless communications revenue	\$ -	\$ -	\$ -	\$ -	\$ -		
2	41700	Property mgmt. and develop revenue	-	-	-	-	-		
3	41700	Property protection revenue	-	-	-	-	-		
4	41710	Consultants Expense	-	-	-	-	-		
5	41720	Rent expense	-	-	-	-	-		
6	417	Total Nonutility Revenues/Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	Exhibit CLV-2 Page 8 line 20	
7	44000	Residential - Energy Conservation	0.475	-	0.475	-	-		
8	44070	Residential - Renewable	0.095	-	0.095	-	-		
9	44020	Residential - Distribution	7.828	-	-	-	7.828		
10	44030	Residential - unbilled Distribution	(0.072)	-	-	-	(0.072)		
11	440140	Residential - Transmission	4.053	4.053	-	-	-		
16	44019	Residential - unbilled Transmission	-	-	-	-	-		
17	44060	Residential - Transition	0.552	-	0.552	-	-		
18	44062	Residential - Unbilled Transition	(0.007)	-	(0.007)	-	-		
19	44065	Deferred Transmission	-	-	-	-	-		
20	44070	Residential - Standard Offer	3.891	-	3.891	-	-		
21	440175	Residential - Basic Service Adjustment	0.279	-	0.279	-	-		
22	440180	Residential - Basic service	8.476	-	8.476	-	-		
23	440195	Residential - PAM	0.238	-	0.238	-	-		
24	440196	Deferred PAM Elect	(0.329)	-	(0.329)	-	-		
25	440	Total Residential Sales	\$ 25.480	\$ 4.053	\$ 13.670	\$ -	\$ 7.756	Exhibit CLV-2 Page 8 line 2	
26	442330	Commercial - Distribution	\$ 12.467	\$ -	\$ -	\$ -	\$ 12.467		
27	442340	Commercial - unbilled Distribution	(0.052)	-	-	-	(0.052)		
28	442350	Industrial - Distribution	0.139	-	-	-	0.139		
29	442360	Industrial - unbilled Distribution	(0.004)	-	-	-	(0.004)		
30	442380	Commercial - Transmission	21.069	21.069	-	-	-		
31	442395	Commercial - PAM	1.782	-	1.782	-	-		
32	442400	Industrial - Transmission	0.351	0.351	-	-	-		
33	442420	Industrial - Transition	0.092	-	0.092	-	-		
34	442435	Industrial - Unbilled Transition	(0.005)	-	(0.005)	-	-		
35	442450	Commercial - Standard Offer	34.979	-	34.979	-	-		
36	442455	Commercial - Basic Service Adj	2.122	-	2.122	-	-		
37	442460	Industrial - Standard Offer	0.781	-	0.781	-	-		
38	442465	Industrial - Basic Service Adj	0.042	-	0.042	-	-		
39	442480	Commercial - Basic Service	38.380	-	38.380	-	-		
40	442490	Industrial - Basic service	0.290	-	0.290	-	-		
41	442495	Industrial - PAM	0.036	-	0.036	-	-		
42	442500	Commercial - Transition	4.407	-	4.407	-	-		
43	442505	Commercial - Unbilled Transition	(0.109)	-	(0.109)	-	-		
44	442520	Commercial - Energy Conservation	3.620	-	3.620	-	-		
45	442530	Commercial - Renewable	0.724	-	0.724	-	-		
46	442540	Industrial - Energy Conservation	0.072	-	0.072	-	-		
47	442550	Industrial - Renewable	0.014	-	0.014	-	-		
48	442	Total Commercial and Industrial Sales	\$ 121.197	\$ 21.420	\$ 87.227	\$ -	\$ 12.550	Exhibit CLV-2 Page 8 line 3	

D.T.E. 05-85
Cambridge Electric Light Company
Exhibit CAM-CLV-7
Page 2 of 3

Detailed Revenue Accounts (\$ in Millions)

Line	Acct	Description	Less		Less		Less		Reference
			Form I	Form I	Form I	Form I	Form I		
			Balance	Transmission	Transition, Energy Supply, DSM, PAM	Other	Distribution		
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H		
49	444040	Street Light - Distribution	\$ 0.744	\$ -	\$ -	\$ 0.454	\$ 0.291	Normalized streetlight sale	
50	444050	Street Light - Transmission	0.146	0.146	-	-	-		
51	444060	Street Light - Transition	0.025	-	0.025	-	-		
52	444070	Street Light - Standard Offer	0.370	-	0.370	-	-		
53	444075	Street Lighting - Basic Service Adj	0.013	-	0.013	-	-		
54	444080	Street Light - Energy Conservation	0.021	-	0.021	-	-		
55	444090	Street Light - Renewable	0.004	-	0.004	-	-		
56	444095	Street Light - PAM	0.009	-	0.009	-	-		
57	444100	Street Light - Basic Service	0.070	-	0.070	-	-		
58	444	TOTAL ACCOUNT 444	\$ 1.401	\$ 0.146	\$ 0.511	\$ 0.454	\$ 0.291	Exhibit CLV-2 Page 8 line 4	
59	447640	Misc short term sales capacity	6.059	-	6.059	-	-		
60	447	Total Sales for Resale	\$ 6.059	\$ -	\$ 6.059	\$ -	\$ -	Exhibit CLV-2 Page 8 line 6	
61	49100	Provision for Rate Refunds	\$ (1.275)	\$ -	\$ -	\$ (1.275)	\$ -	Exhibit CLV-2 Page 8 line 8	
62	49000	Forefeited Discounts - Interest charge re	\$ 0.199	\$ -	\$ -	\$ -	\$ 0.199	Exhibit CLV-2 Page 8 line 11	
66	451020	Miscellaneous Service Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	Exhibit CLV-2 Page 8 line 12	
87	454002	Assoc CO Rents - Summit	\$ 0.012	\$ -	\$ -	\$ -	\$ 0.012		
88	454130	Assoc CO Rents - Summit	\$ 0.001	-	-	-	0.001		
89	454170	Assoc Co line 1-Canal	\$ 0.000	-	-	-	0.000		
90	454180	Pole Attachments - CATV	\$ 0.010	-	-	-	0.010		
91	454717	Assoc CO Rents - Summit	\$ 0.003	-	-	-	0.003		
92	454730	Assoc CO Rents	\$ 0.000	-	-	-	0.000		
93	454735	Assoc CO Rents - Summit	\$ 0.002	-	-	-	0.002		
94	454745	Assoc CO Rents	\$ 0.001	-	-	-	0.001		
95	454750	Assoc Co Rent Elect Prop.	\$ 0.003	-	-	-	0.003		
96	454780	Mirant Kendall - Facilities	\$ 0.497	0.497	-	-	-		
97	454910	Rent-Prop In Operation	\$ 0.074	-	-	-	0.074		
98	454	Total Rent from Electric Property	\$ 0.603	\$ 0.497	\$ -	\$ -	\$ 0.106	Exhibit CLV-2 Page 8 line 14	

D.T.E. 05-85
Cambridge Electric Light Company
Exhibit CLV-7
Page 3 of 3

Detailed Revenue Accounts (\$ in Millions)

			Form 1	Less Form 1	Less Form 1	Less Form 1	Form 1			
Line	Acct. Col. A	Description Col. B	Transition, Energy Supply, DSM, PAM						Reference Col. H	
			Balance Col. C	Transmission Col. D	Col. E	Other Col. F	Distribution Col. G			
99	456010	Other operating revenues	\$	0.042	\$	-	\$	-	\$	0.042
100	456017	DSM incentive				0.392				
101	456102	Acct Reactivation Rev								
102	456122	Transm Chgs - Muni		1.264	0.407	-	-	-		0.857
103	456470	Cancel Small Final Customer Balance		(0.009)						(0.009)
104	456475	Customer Goodwill Adjustment			(0.003)					(0.003)
105	456490	Hydro Que/CAM Energy Line Usage		0.119	-	0.119				
106	456690	RNS Transmission revenue		3.357						
107	456770	PAM return on prepaid & deferral		2.229		2.229				
108	456780	Oracle return check fee		0.007						0.007
109	456810	Call Center Adjustments		(0.001)						(0.001)
110	456820	DTE Adjustments		(0.000)						(0.000)
111	456830	Prudential sub lease		0.064						0.064
112	456850	Power System Services Revenue		0.001						0.001
113	456980	Interval data revenue		0.007						0.007
114	440165	Deferred Transmission								(Reclass from 440)
115	456	Total Other Electric Revenues	\$	7.471	\$	3.764	\$	2.741	\$	0.967
116		Total Revenues	\$	161.436	\$	29.898	\$	110.209	\$	(0.821)
117		Retail Energy Supply								21.866
										89.694

Cambridge Electric Light Company
Cost of Service
Operations & Maintenance Expense
12 months ended 6/30/05

D.T.E. 05-85
Cambridge Electric Light Company
Exhibit CAM-CLV-8
Page 1 of 1

Line	A/C	Description	Form 1	Less: Form 1	Add: Form 1	12 months ended 6/30/05
			12/31/04 Year-to-Date	2nd Quarter 2004	2nd Quarter 2005	
	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
1	555	Purchased Power	\$ 88.517	\$ 46.687	\$ 32.189	\$ 74.018
2	556	System Control & Load Dispatching	0.028	0.018	0.023	0.033
3	557	Other Expenses	6.520	3.041	12.134	15.613
4		Total Power Supply Expense	\$ 95.065	\$ 49.747	\$ 44.346	\$ 89.664
5	560	Operation Supervision and Engineering	0.041		0.034	0.076
6	561	Load Dispatching	0.461	0.193	0.238	0.506
7	562	Station Expense	0.004	0.001	0.012	0.015
8	563	Overhead Lines Expenses	0.003		0.000	0.003
9	564	Underground Lines Expenses	0.003	0.000		0.003
10	565	Transmission of Electricity by Others	21.034	5.028	12.413	28.419
11	566	Miscellaneous Transmission Expenses	0.006	0.002	0.006	0.010
12	567	Rents				
13	568	Maintenance Supervision and Engineering	0.025	0.017	0.005	0.012
14	569	Maintenance of Structures				
15	570	Maintenance of Station Equipment	0.003	0.001	0.004	0.006
16	571	Maintenance of Overhead Lines	0.015	0.003	(0.012)	(0.000)
17	572	Maintenance of Underground Lines	0.004	0.002	0.001	0.003
18	573	Maintenance of Misc. Transmission Plant				
19		Transmission	\$ 21.598	\$ 5.247	\$ 12.701	\$ 29.052
20	580	Operation, Superv & Engineering	0.404	0.258	0.208	0.354
21	581	Load Dispatching	0.147	0.068	0.081	0.160
22	582	Station Expenses	0.343	0.193	0.672	0.822
23	583	Overhead Line Exp	0.230	0.156	0.131	0.205
24	584	Underground Line	0.289	0.120	0.184	0.354
25	585	Street Lighting & Signal System	0.006	0.003	0.005	0.008
26	586	Meter Expenses	0.368	0.177	0.199	0.390
27	587	Customer Installation	0.054	0.021	0.022	0.055
28	588	Misc. Distribution	0.383	0.037	(0.000)	0.346
29	589	Rents	0.546	0.272	0.233	0.508
30	590	Maint Supervision	0.206	0.067	0.094	0.233
31	591	Maintenance of Structures	0.049	0.012	0.044	0.082
32	592	Maint of Station	0.134	0.039	0.155	0.250
33	593	Maint of Overhead	0.165	0.032	0.120	0.253
34	594	Maint of Underground Lines	0.436	0.250	0.111	0.298
35	595	Maint of Line Transformers				
36	596	Maint of Street Lights & signal	0.001			0.001
37	597	Maint of Meters				
38	598	Maint of Misc Distribution	0.055	0.027	0.042	0.070
39		Distribution	\$ 3.817	\$ 1.732	\$ 2.304	\$ 4.389
40	901	Supervision	0.077	0.035	0.042	0.084
41	902	Meter Reading Exp	0.346	0.174	0.162	0.334
42	903	Customer Records	1.254	0.601	0.644	1.297
43	904	Uncollectable Accounts	0.151	0.214	0.157	0.094
44	905	Misc. Customer Accounts	0.064	0.032	0.036	0.068
45		Customer Accounts	\$ 1.892	\$ 1.057	\$ 1.042	\$ 1.877
46	907	Supervision				
47	908	Customer Assistance	4.099	1.953	2.043	4.188
48	909	Informational & Instructional	0.018	0.010	0.004	0.012
49	910	Misc. Customer Service	0.243	0.135	0.115	0.223
50		Customer Service	\$ 4.360	\$ 2.099	\$ 2.162	\$ 4.423
51	911	Supervision	0.039	0.018	0.022	0.043
52	912	Demonstration and Selling	0.002	0.001	(0.000)	0.001
53	913	Advertising				
54	916	Misc. Sales Expense	0.039	0.019	0.006	0.026
55		Sales	\$ 0.080	\$ 0.038	\$ 0.028	\$ 0.070
56	920	Admin & General Salaries	1.537	0.997	1.072	1.612
57	921	Office Supplies & Expenses	0.641	0.253	0.244	0.632
58	922	Admin Expenses Transferred	(0.422)	(0.287)	(0.181)	(0.317)
59	923	Outside Services	0.281	0.157	0.191	0.316
60	924	Property Insurance	0.022	0.006	0.019	0.035
61	925	Injuries & Damage	0.414	0.278	0.157	0.292
62	926	Employee Benefits	3.266	1.569	1.794	3.492
63	928	Regulatory Commission Expense	0.457	0.199	0.226	0.485
64	930	General Ad Expense	0.095		0.019	0.114
			0.029	0.061	0.025	(0.007)
65	931	Rents	0.176	0.089	0.252	0.339
66	935	Maint of General				
67		Admin	\$ 6.497	\$ 3.321	\$ 3.819	\$ 6.995
68						
69		Total	\$ 133.311	\$ 63.241	\$ 66.400	\$ 136.470

Cambridge
Transmission Allocators with 13.8

Plant Allocator:		6/30/05		
Col. A	Col. B	Col. C	Col. D	Col. E
1	Transmission Plant (Incl Dispatch)	\$ 33.901	Exhibit CAM-CLV-2 Page 4 line 8	
2	Trans Related Dist Plant (Incl Dispatch)		Exhibit CAM-CLV-2 Page 4 line 24	
3	Total Transmission Investment	\$ 33.901	line 1 plus line 2	
4	Intangible Plant	2.684	Exhibit CAM-CLV-2 Page 4 line 6	
5	General Plant	3.358	Exhibit CAM-CLV-2 Page 4 line 41	
6	Total Intangible & General Plant	6.042	line 4 plus line 5	
7	W&S Allocator (Incl Dispatch)	3.59%	line 16	
8	Transmission Related General & Intang Plant	0.217	Exhibit CAM-CLV-2 Page 4 lines 6 and 41	
9	Total Transmission Related Plant	\$ 34.119	line 3 plus line 8	
10	Total Plant in Service	\$ 169.845	Exhibit CAM-CLV-2 Page 4 line 43	
11	Plant Allocator	20.0881%	line 9 divided by line 10	
			Note A	
		Year Ending		
		6/30/05		
12	Transmission W&S (Incl Dispatch)	\$ 0.125	Exhibit CAM-CLV-9 Page 2 line 69	
13	Total W&S	4.971	Exhibit CAM-CLV-9 Page 2 line 69	
14	A&G W&S	1.488	Exhibit CAM-CLV-9 Page 2 line 67	
15	W&S Net of A&G	\$ 3.484	line 13 minus line 14	
16	W&S Allocator Including Dispatch	3.5940%	line 12 divided by line 15	
17	Payroll Tax Allocator	50.2460%	Note A	

Acct	Account Description	ACTUAL 6/30/05	Amount Assigned To Transmission	Transmission Tariff (inc. attachment or schedule) where recovery is provided
18	565060 NEPOOL reliability EHV transmission	0.104	0.104	Schedule 16 System Restoration and Planning for Generators
19	565120 Support payments to Boston Edison	3.635	3.635	Schedule 21 CELCO Local Service Schedule - Attachment D
20	(Station 402 & 509)	-	-	Schedule 21 CELCO Local Service Schedule - Attachment D
21	565150 Support payments to Commonwealth	0.289	0.289	Schedule 21 CELCO Local Service Schedule - Attachment D
22	(Line 331, Canal section A & B)	-	-	Schedule 21 CELCO Local Service Schedule - Attachment D (HQ AC) *
23	565170 Assoc Co Trans Elect : Others	0.700	0.142	Schedule 19 Special Constraint Resource Service & RTO Tariff RMR (Market Rule1)
24	Hydro Quebec	-	-	Schedule 9 RNS and Attachment F & Attachment F Implementation Rule
25	565210 Congestion costs	17.550	17.550	
26	565590 RNS transmission payment	6.142	6.142	
27	Total	\$ 28.419	\$ 27.861	
28	* Hydro Quebec in Transition Charge =	0.558		
29	Transmission Support for W/C Allowance			
30	Total Transmission		27.861	
31	Less NEPOOL Reliability (565060)		(0.104)	
32	Less Congestion Costs (565210)		(17.550)	
33	Less RNS Transmission (565590)		(6.142)	
34	Transmission W/C Allowance		4.065	

Note A Allocator is calculated per the ISO New England Tariff Schedule 21, Original Sheet 2051-2052, definitions

D.T.E. 05-85
Cambridge Electric Light Company
Exhibit CAM-CLV-9
Page 2 of 4

Line	A/C	Description	Per Books	Per Books	Per Books	Labor	13.8 kV	Reference
			Total	Total	Total	Transmission	Transmission	
	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H
1	555	Purchased Power	74.018	74.018	-	-	-	
2	556	System Control & Load Dispatching	0.033	(0.012)	0.045	-	-	
3	557	Other Expenses	15.613	15.613	-	-	-	
4		Total Power Supply Expense	89.664	89.620	0.045	-	-	
5	560	Operation Supervision and Engineering	0.076	(0.009)	0.084	0.084	-	
6	561	Load Dispatching	0.506	0.477	0.029	0.029	-	
7	562	Station Expense	0.015	0.012	0.002	0.002	-	
8	563	Overhead Lines Expenses	0.003	0.003	-	-	-	
9	564	Underground Lines Expenses	0.003	0.003	-	-	-	
10	565	Transmission of Electricity by Others	28.419	28.419	-	-	-	
11	566	Miscellaneous Transmission Expenses	0.010	0.010	-	-	-	
12	567	Rents	-	-	-	-	-	
13	568	Maintenance Supervision and Engineering	0.012	0.007	0.005	0.005	-	
14	569	Maintenance of Structures	-	-	-	-	-	
15	570	Maintenance of Station Equipment	0.006	0.003	0.003	0.003	-	
16	571	Maintenance of Overhead Lines	(0.000)	(0.000)	0.000	0.000	-	
17	572	Maintenance of Underground Lines	0.003	0.001	0.002	0.002	-	
18	573	Maintenance of Misc. Transmission Plant	-	-	-	-	-	
19		Transmission	29.052	28.926	0.125	0.125	-	
20	580	Operation, Superv & Engineering	0.354	(0.010)	0.365	-	-	
21	581	Load Dispatching	0.160	0.142	0.018	-	-	
22	582	Station Expenses	0.822	0.672	0.150	-	-	
23	583	Overhead Line Exp	0.205	0.165	0.040	-	-	
24	584	Underground Line	0.354	0.275	0.078	-	-	
25	585	Street Lighting & Signal System	0.008	0.008	0.001	-	-	
26	586	Meter Expenses	0.390	0.077	0.313	-	-	
27	587	Customer Installation	0.055	0.019	0.036	-	-	
28	588	Misc. Distribution	0.346	0.286	0.060	-	-	
29	589	Rents	0.508	0.508	-	-	-	
30	590	Maint Supervision	0.233	0.087	0.146	-	-	
31	591	Maintenance of Structures	0.082	0.012	0.070	-	-	
32	592	Maint of Station	0.250	0.036	0.214	-	-	
33	593	Maint of Overhead	0.253	0.165	0.088	-	-	
34	594	Maint of Underground Lines	0.298	0.151	0.148	-	-	
35	595	Maint of Line Transformers	-	-	-	-	-	
36	596	Maint of Street Lights & signal	0.001	(0.001)	0.002	-	-	
37	597	Maint of Meters	-	-	-	-	-	
38	598	Maint of Misc Distribution	0.070	0.070	0.000	-	-	
39		Distribution	4.389	2.663	1.726	-	-	Note A
40	901	Supervision	0.084	(0.013)	0.097	-	-	
41	902	Meter Reading Exp	0.334	0.065	0.270	-	-	
42	903	Customer Records	1.297	0.718	0.579	-	-	
43	904	Uncollectable Accounts	0.094	0.094	-	-	-	
44	905	Misc. Customer Accounts	0.068	0.068	-	-	-	
45		Customer Accounts	1.877	0.931	0.946	-	-	
46	907	Supervision	-	-	-	-	-	
47	908	Customer Assistance	4.188	3.771	0.418	-	-	
48	909	Informational & Instructional	0.012	0.012	-	-	-	
49	910	Misc. Customer Service	0.223	0.079	0.143	-	-	
50		Customer Service	4.423	3.862	0.561	-	-	
51	911	Supervision	0.043	(0.007)	0.050	-	-	
52	912	Demonstration and Selling	0.001	(0.001)	0.002	-	-	
53	913	Advertising	-	-	-	-	-	
54	916	Misc. Sales Expense	0.026	(0.003)	0.029	-	-	
55		Sales	0.070	(0.011)	0.081	-	-	
56	920	Admin & General Salaries	1.612	(0.289)	1.901	-	-	
57	921	Office Supplies & Expenses	0.632	0.632	0.001	-	-	
58	922	Admin Expenses Transferred	(0.317)	0.099	(0.416)	-	-	
59	923	Outside Services	0.316	0.316	-	-	-	
60	924	Property Insurance	0.035	0.035	-	-	-	
61	925	Injuries & Damage	0.292	0.292	-	-	-	
62	926	Employee Benefits	3.492	3.490	0.002	-	-	
63	928	Regulatory Commission Expense	0.485	0.485	-	-	-	
64	930	General Ad Expense	0.107	0.107	-	-	-	
65	931	Rents	0.339	0.339	-	-	-	
66	935	Maint of General	-	-	-	-	-	
67		Admin	6.995	5.507	1.488	-	-	
68		Total	136.470	131.499	4.971	0.125	-	
70					4.846			
71					0.125			
72		Supervision Allocation			0.695	-		Sum lines 21 Thru 29
73		Supervision Allocation			0.520	-		Sum lines 22 Thru 30

Note A Allocator is calculated per the ISO New England Tariff Schedule 21, Original Sheet 2064, paragraph H, and 2053 definitions

Cambridge Labor by Account

Line #	A/C		mgmt	u369	u12004	Total
	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
1	556	System Control & Load Dispatching	\$ 0.043	\$ 0.002	\$ (0.000)	\$ 0.045
2	560	Operation Supervision and Engineering	0.057	0.028	0.000	0.084
3	561	Load Dispatching	0.031	(0.002)	(0.000)	0.029
4	562	Station Expense	(0.002)	0.004	(0.000)	0.002
5	568	Maintenance Supervision and Engineering	0.001	0.004	0.000	0.005
6	570	Maintenance of Station Equipment	-	0.003	-	0.003
7	571	Maintenance of Overhead Lines	0.000	-	-	0.000
8	572	Maintenance of Underground Lines	0.001	0.000	-	0.002
9	580	Operation, Superv & Engineering	0.266	0.098	(0.000)	0.365
10	581	Load Dispatching	0.019	(0.001)	(0.000)	0.018
11	582	Station Expenses	(0.049)	0.199	(0.000)	0.150
12	583	Overhead Line Exp	0.009	0.029	0.001	0.040
13	584	Underground Line	0.009	0.069	0.000	0.078
14	585	Street Lighting & Signal System	0.001	(0.000)	(0.000)	0.001
15	586	Meter Expenses	0.078	0.235	(0.000)	0.313
16	587	Customer Installation	0.019	0.018	0.000	0.036
17	588	Misc. Distribution	(0.060)	0.064	0.056	0.060
18	590	Maint Supervision	0.039	0.107	0.000	0.146
19	591	Maintenance of Structures	0.001	0.069	0.000	0.070
20	592	Maint of Station	0.036	0.178	0.000	0.214
21	593	Maint of Overhead	0.036	0.052	0.000	0.088
22	594	Maint of Underground Lines	0.063	0.084	0.000	0.148
23	596	Maint of Street Lights & signal	0.002	-	-	0.002
24	598	Maint of Misc Distribution	0.000	0.000	0.000	0.000
25	901	Supervision	0.095	0.002	0.000	0.097
26	902	Meter Reading Exp	0.001	0.267	0.002	0.270
27	903	Customer Records	0.027	0.549	0.003	0.579
28	908	Customer Assistance	0.247	0.171	0.000	0.418
29	910	Misc. Customer Service	0.128	0.015	(0.000)	0.143
30	911	Supervision	0.046	0.004	0.000	0.050
31	912	Demonstration and Selling	0.002	0.000	0.000	0.002
32	916	Customer Service	0.007	0.022	0.000	0.029
33	920	Admin & General Salaries	1.715	0.186	(0.000)	1.901
34	921	Office Supplies & Expenses	0.000	0.001	0.000	0.001
35	922	Admin Expenses Transferred	(0.103)	(0.312)	(0.000)	(0.416)
36	926	Employee Benefits	0.002	0.000	(0.000)	0.002
37	Total		<u>\$ 2.766</u>	<u>\$ 2.144</u>	<u>\$ 0.061</u>	<u>\$ 4.971</u>
38						
39	Trans		\$ 0.088	\$ 0.037	\$ 0.000	\$ 0.125
40	Dist		\$ 2.678	\$ 2.107	\$ 0.061	\$ 4.846
41	Union			\$ 2.168		

13.8 kV Transmission Allocators

		Col C = Col B / Col A * 100			
Line #	Description	Total	13.8kv	13.8kv as % of Total	
	Col A	Col B	Col C	Col D	Col E
1	360	Land & Land Rights	0.238		0.00%
2	361	Structures & Improvements	2.305		0.00%
3	362	Station Equipment	36.277		0.00%
4	363	Storage Battery Equipment	-	-	
5	364	Poles, Towers & Fixtures	2.795	-	
6	365	OH Conductors & Devices	5.850	-	
7	366	UG Conduit	19.963		0.00%
8	367	UG Conductors & Devices	47.994		0.00%
9	368	Line Transformers	4.107	-	
10	369	Services - Overhead	1.770	-	
11	369	Services - Underground	4.259	-	
12	370	Meters	3.505	-	
13	373	Street Lighting	0.838		
14	Distribution Plant	Total	129.901	-	0.00%
15	366&367	UG	67.958	-	0.00%
16	Total Excl 370 & 373	Excl Meteres & SL	125.558	-	0.00%

13.8 kV Accumulated Depreciation Calculation Using Above Transmission Allocators

		Accumulated Depreciation (\$ Millions)			
Line #	Distribution Plant	Total	Transmission		
17	360	Land & Land Rights \$	-	-	
18	361	Structures & Improvements	1.461	-	See allocator above
19	362	Station Equipment	17.412	-	See allocator above
20	363	Storage Battery Equipment			
21	364	Poles, Towers & Fixtures	1.442		
22	365	OH Conductors & Devices	2.245		
23	366	UG Conduit	8.773	-	See allocator above
24	367	UG Conductors & Devices	10.365	-	See allocator above
25	368	Line Transformers	1.912		
26	369	Services - Overhead	0.876		
27	369	Services - Underground	2.107		
28	370	Meters	(0.486)		
29	373	Street Lighting	0.495		
30	Total Dist Plant \$		46.603	\$ -	FF1, p.208, l.8, col.b

Note A ISO New England Tariff Schedule 21, Original Sheet 2053 & 2057, definitions

Information Request DTE-2-8

Please list any and all additions or modifications that have been made to Cambridge's 13.8 kV lines since they were classified as transmission in D.T.E. 97-95.

Response

Cambridge has been adding and modifying the 13.8 kV circuits on a regular basis since 1997 to assure the safest and least-cost flow path for energy to customers. Additions and modifications include, but are not limited to adding new customers and converting network and 4 kV customers to 13.8 kV supply voltage.

<u>New Circuits added since 1997</u>	<u>Reason/Requester</u>
828-1325	Belmont
850-1329	Load relief
850-1330	Load relief
875-1392	BioGen
831-1307	Forest city
831-1347	Load relief
831-1111	Harvard Holyoke station
831-1112	Harvard Holyoke station
831-1113	Harvard Holyoke station
819-1114	Load relief
875-1389	Draper labs
831-1385	MIT
850-1117	Tie from 875 to 850
16-1461	BECo Load
16-1462	BECo Load
59-1471	BECo Load

<u>New Customers added since 1997¹</u>	<u>Circuits</u>
AmGen	850-1317, 850-1330
Level 3	850-1317, 850-1330

¹ New customer additions since 1997 have not been separately tracked. This is the best information on new customers that is readily available; however, there may be additional customers added that have not made it on to this list.

320 Bent St.
 Research Park, 7 buildings
 301 Binney St.
 BioGen
 Genetics
 Forest City, various locations
 Tech Square, 7 buildings
 MIT
 Harvard, various locations
 770 Memorial Drive
 Novartis
 7 Camb. Center
 Draper Labs
 Broadway
 War Memorial Bldng
 Camb Side Hotel
 30 Camb Park Drive
 280 Bent St
 23 Sidney St
 23 East St
 300 Third St
 Old Post Office
 Genzyme
 310 & 340 Rindge Ave
 Zero Arrow St
 72 Rogers St.
 220 Mass Ave

850-1326, 850-1328
 Various Circuits
 850-1329, 850-1NK6
 850-1345, 875-1392 (NEW)
 828-1379, 828-1NA9
 Various Circuits
 Various Circuits
 831-1301, 831-1324
 Various Circuits
 831-1337, 831-1332
 831-1314, 831-1324
 850-1354, 850-1355
 850-1NS4, 875-1389 (NEW)
 819-1NB3, 819-1NB8
 819-1327, 819-1341
 850-1NN3, 850-1386
 828-1NA9, 828-1378
 850-1328, 850-1329
 831-1NA6, 831-1314
 850-1NN3, 850-1322
 850-1328, 850-1345
 819-1NA5, 819-1NB8
 850-1NK5, 850-1365
 828-1363, 828-1NA9
 819-1NB8, 819-1342
 850-1326, 850-1343
 831-1301,

Circuit Changes since 1997

831-1336xy
 828-1363

Reason/Requester

MIT
 Conversion from loop to a station circuit

Information Request DTE-2-11

Refer to Exh. NSTAR-CLV-1, at 24. Aside from the construction of the new substation and the new 115 kV lines, please describe any changes to the configuration of the Cambridge transmission and distribution system since 1997 that have had an effect on the operating characteristics of the 13.8 kV facilities.

Response

- Circuits 819-1NA4 and 819-1338 are connected to both Alewife and Prospect Street Substations. Prior to 1997, breakers at both substations were closed, thus creating a tie between stations. After 1997, Cambridge determined that the breaker at Alewife for circuit 819-1NA4, and at Prospect Street for circuit 819-1338 be opened. This was done to reduce the available short circuit at both substations and also had the effect of creating a less integrated, more radial system.
- Cambridge replaced 0.5 ohm reactors on circuits 831-1340 and 831-1346, at Putnam Substation with reactors rated at 1.5 ohms. This was done to better distribute the power flow among the intra-ties for contingency response.
- The Blackstone generating station has been retired. Although there has not been a resulting configuration change of the Cambridge transmission and distribution system, this has had an effect on the operating characteristics of the 13.8 kV system, such as a reduction in available short-circuit current.
- In February 2004, Cambridge, in conjunction with Mirant, built a connection from the generation and load busses at Kendall to a 115/13.8 kV transformer also located at Kendall. The generation at Kendall, which belongs to Mirant, is able to be transformed to 115 kV via this connection for sale in the New England market. In turn, this path provides a second supply to the 13.8 kV load at the Kendall Substation until the new East Cambridge Substation is completed. Once the new substation is completed, however, the 115 kV transmission backbone from North Cambridge to Putnam to East Cambridge stations will supply the Cambridge customers with power, and there will be no steam generation connected to the 13.8 kV busses at Kendall and available for supplying the Cambridge electric system.

Information Request DTE-2-12

Refer to Exh. NSTAR-CLV-1, at 20. Please provide the estimated change in transmission rates for customers of each of the Companies without including the transfer of costs related to the 13.8 kV facilities.

Response

If the merger did not occur and Cambridge customers continued to pay for 13.8 kV costs in their transmission rates, the rates would be as indicated in Attachment DTE-2-12. This attachment changes Exhibit NSTAR-CLV-5¹ in the following ways:

- On Line 13, the \$13.421 million 13.8 kV revenue requirement originally shown in the Cambridge column was deleted.
- On Lines 17, 18 and 20 the amounts in the Cambridge columns change to reflect the above changes.

The Companies would not consider consummating the merger without appropriate 13.8 kV recovery. The reclassification of Cambridge's 13.8 kV facilities was explicitly included in the Department-approved Settlement Agreement in D.T.E. 05-85. See D.T.E. 05-85, at 7. The current Boston Edison transmission tariff does not include 13.8 kV costs, so merging without transferring the costs of the 13.8 kV charges to Cambridge's distribution rates would mean that significant cost recovery would be lost. Modifying the Boston Edison transmission tariff to include 13.8 kV costs would not be appropriate because these costs are currently recovered in Boston Edison's and Commonwealth's distribution rates and this would be double recovered. The fair and equitable approach is a revenue-neutral transfer of the costs from transmission to distribution for Cambridge's customers.

¹

Corrected for the minor error noted in the response to Information Request MIT-1-1

NSTAR Electric
Comparison of 2005 Retail Transmission Rate
\$ in Millions

Line	Description	BEC	Commonwealth *	Cambridge *
Regional Transmission Costs				
1	Retail RNS Cost	\$ 67.131	\$ 15.586	\$ 6.904
2	Regional Ancillary Services			
3	Retail Schedule & Dispatch Cost	4.916	1.380	0.503
4	Retail Congestion Management Cost **	-	-	-
5	System Restoration & Planning Cost	1.051	0.317	0.119
6	Load Dispatching (REMVEC)	0.284	0.099	-
7	NEPOOL Administration (Transmission)	0.075	-	-
8	VAR Support Cost	-	-	-
9	Total Estimated Regional Transmission Costs	<u>\$ 73.457</u>	<u>\$ 17.382</u>	<u>\$ 7.526</u>
Local Transmission Costs				
10	Local Network Service (LNS) Costs			
11	LNS and Scheduling & Dispatch Revenue Req.	86.129	\$ 17.827	\$ 22.283
12	13.8kv facilities transferred to Distribution Rates	-	-	-
13	RNS Revenues Received from NEPOOL ***	(66.229)	(9.947)	(3.706)
14	Dispatch Center Revenue Requirement	4.109	-	-
15	Schedule 1 Revenues Received	(4.375)	(0.142)	-
16	Estimated LNS Revenue Requirement	<u>\$ 19.634</u>	<u>\$ 7.737</u>	<u>\$ 18.577</u>
17				
18	Total Estimated Transmission Costs	<u>\$ 93.091</u>	<u>\$ 25.119</u>	<u>\$ 26.103</u>
19	2005 Billed GWH	<u>15,487.787</u>	<u>4,363.964</u>	<u>1,716.417</u>
20	2005 Retail Transmission Rate	<u>\$ 0.00601</u>	<u>\$ 0.00576</u>	<u>\$ 0.01521</u>

* The LNS formula rate for Cambridge and Commonwealth are currently the subject of FERC settlement in Docket ER05-742. The calculations presented in this exhibit are based on the formula tariff as currently under discussion.

** This analysis excludes congestion costs as the amount and future location of these costs are too highly uncertain to be used as going forward proxies.

*** Excludes FERC incentives for being part of an RTO and for new transmission investment

Information Request MIT-1-1

Please find attached a copy of Exhibit NSTAR-CLV-5 presented in this proceeding and copies of Exhibit BEC-CLV-3 in D.T.E. 05-88, Exhibit CAM-CLV-3 (Supp.) in D.T.E. 05-89, Exhibit COM-CLV-3 (Supp.) in D.T.E. 05-89. Please reconcile and explain the differences in the 2005 retail transmission costs comparing the total transmission costs, total regional transmission costs and total retail LNS costs for Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company as presented in these exhibits.

Response

As explained in Exhibit NSTAR-CLV-1, at 19, lines 13-16, the data presented in Exhibit NSTAR-CLV-5 does not include congestion costs or prior year over/under collections; however, those costs are included in the exhibits that MIT provided with this question, hereinafter referred to as "true-up exhibits". Thus, those items are not reconciled between the annual true-up exhibits and Exhibit NSTAR-CLV-5. Additionally, the annual true-up exhibits reflect LNS costs billed each month under the then existing LNS tariffs. During 2005, Boston Edison had two different LNS tariffs in effect, one for January and one for February to December; Cambridge and Commonwealth had three different LNS tariffs in effect, one for January, one for February to May, and one for June to December. In preparing Exhibit NSTAR-CLV-5, the currently effective LNS tariff was used for each company to more properly forecast the impact of the merger.

In the process of responding to this request the Companies identified a minor error in Exhibit NSTAR-CLV-5 on line 12 for Commonwealth. The amount presented, \$17.827 million should have been \$17.969 million, because the Schedule 1 revenues were deducted twice. Please refer to Attachment MIT-1-1(a) for a red-lined version of Exhibit NSTAR-CLV-5 with this correction made. The following table explains how the individual true-up schedules reconcile to the corrected Exhibit NSTAR-CLV-5. The reconciliation is provided in Attachment MIT-1-1(b).

<u>Item</u>	<u>Explanation</u>
Line 9, Total Estimated Regional Transmission Costs	Agrees with the total values shown on line 9 of each of the Companies' reconciliation exhibits except for congestion costs, as described above
Line 17, Estimated LNS Revenue Requirement	<p>Boston Edison reconciles to the annualized December value shown on line 14 of its true-up exhibit</p> <p>Commonwealth's corrected amount agrees with the annualized December value shown on line 17 of its reconciliation exhibit.</p> <p>Cambridge reconciles to the annualized December value shown on line 17 of its reconciliation exhibit after deducting \$13.421 million for the 13.8 kV revenue requirement.</p>

NSTAR Electric
Comparison of 2005 Retail Transmission Rate
\$ in Millions

Line	Description	Consolidated	BEC	Commonwealth *	Cambridge *
Regional Transmission Costs					
1	Retail RNS Cost	\$ 89.621	\$ 67.131	\$ 15.586	\$ 6.904
2	Regional Ancillary Services				
3	Retail Schedule & Dispatch Cost	6.799	4.916	1.380	0.503
4	Retail Congestion Management Cost **	-	-	-	-
5	System Restoration & Planning Cost	1.487	1.051	0.317	0.119
6	Load Dispatching (REMVEC)	0.383	0.284	0.099	-
7	NEPOOL Administration (Transmission)	0.075	0.075	-	-
8	VAR Support Cost	-	-	-	-
9	Total Estimated Regional Transmission Costs	<u>\$ 98.365</u>	<u>\$ 73.457</u>	<u>\$ 17.382</u>	<u>\$ 7.526</u>
Local Transmission Costs					
11	Local Network Service (LNS) Costs				
12	LNS and Scheduling & Dispatch Revenue Req.	\$ 107.468	86.129	\$ 17.969	\$ 22.283
13	13.8kv facilities transferred to Distribution Rates	-	-	-	(13.421)
14	RNS Revenues Received from NEPOOL ***	(79.882)	(66.229)	(9.947)	(3.706)
15	Dispatch Center Revenue Requirement	4.273	4.109	-	-
16	Schedule 1 Revenues Received	(4.375)	(4.375)	(0.142)	-
17	Estimated LNS Revenue Requirement	<u>\$ 27.484</u>	<u>\$ 19.634</u>	<u>\$ 7.880</u>	<u>\$ 5.156</u>
18	Total Estimated Transmission Costs	<u>\$ 125.849</u>	<u>\$ 93.091</u>	<u>\$ 25.261</u>	<u>\$ 12.682</u>
19	2005 Billed GWH	<u>21,568,168</u>	<u>15,487,787</u>	<u>4,363,964</u>	<u>1,716,417</u>
20	2005 Retail Transmission Rate	<u>\$ 0.00583</u>	<u>\$ 0.00601</u>	<u>\$ 0.00579</u>	<u>\$ 0.00739</u>
21	Difference in \$/kwh from Consolidated	\$ -	\$ (0.000176)	\$ 0.000046	\$ (0.001554)
22	Revenue impact (\$ in millions)	\$ (5.185)	\$ (2.721)	\$ 0.202	\$ (2.667)
23	Percentage increase (decrease)		-2.92%	0.80%	-21.03%

* The LNS formula rate for Cambridge and Commonwealth are currently the subject of FERC settlement procedures in Docket ER05-742. The calculations presented in this exhibit are based on the formula tariff as currently under discussion.

** This analysis excludes congestion costs as the amount and future location of these costs are too highly uncertain to be used as going forward proxies.

*** Excludes FERC incentives for being part of an RTO and for new transmission investment

NSTAR Electric
Reconciliation of NSTAR-CLV-5 (Revised) to Reconciliation filings
\$ in Millions

Line	Description	BEC	Commonwealth	Cambridge
	Regional Transmission Costs			
1	Total Regional Transmission Costs as filed per reconciliation filings	92.762	18.018	22.819
2	Less Congestion Management Cost	<u>19.305</u>	<u>0.675</u>	<u>15.294</u>
3		73.457	17.343	7.525
4	Regional Transmission Costs per revised CLV-5	73.457	17.382	7.526
	Local Transmission Costs			
5	LNS Revenue Requirement (December 2005), line 16	1.636	0.657	1.548
6	Times 12 months	<u>12</u>	<u>12</u>	<u>12</u>
7		19.634	7.880	18.576
8	Less 13.8 kv transfer	<u>-</u>	<u>-</u>	<u>(13.421)</u>
9		19.634	7.880	5.155
10	Estimated LNS Revenue Requirement per revised CLV-5	19.634	7.880	5.156

Information Request MIT-1-4

Please provide an analysis of the recent Federal Energy Regulatory Commission decision approving the LICAP Settlement presented in Docket No. ER-03-563-000 and the treatment of RMR contracts pursuant to the Agreement.

Response

Per the settlement, as of June 1, 2010, capacity prices will be determined from an auction process, known as the Forward Capacity Market ("FCM"). The auctions will occur well in advance of the delivery period to allow new resources to participate. Capacity resources that plan to be in-service by such a time compete by submitting quantity bids into the auction. The resources required to meet the region's capacity requirements will be selected based on the quantity offered during the auction at each price point reached in the descending-clock auction. When enough resources are offered to meet the capacity requirement, the descending-clock auction stops and the last price sets the capacity price for all existing and new resources selected.

The current capacity product ("UCAP") is retained from December 1, 2006 until May 30, 2010. During this transition period, all load serving entities will pay to support all qualifying capacity resources at a series of fixed rates. The rate starts at \$3.05 per kW-month from December 1, 2006 through May 31, 2008, increasing to \$3.75 per kW-month from June 1, 2008 through May 31, 2009, and \$4.10 per kW-month from June 1, 2009 until May 31, 2010. The transition period may be extended by one year if the FCM market rules and tariffs are not completed in time to run the 2010 auction.

The settlement is neutral as to what happens to RMR contracts during the transition period. After the transition period, any remaining RMR agreements that include implementation of a locational capacity mechanism as a termination date will expire.

Information Request MIT-1-7

Please update the estimated capital cost provided on page 8 of the ISO document provided in the previous information request.

Response

The total capital costs relating to the 345 kV project will be approximately \$300 million. This is within the range provided on page 8 of the ISO document described in the previous information request.

Information Request MIT-1-14

For contracts that expire with LICAP, will these costs persist beyond June 1, 2010 based on the Settlement Agreement approved by the FERC?

Response

See the response to Information Request MIT-1-4.

Information Request AG-1-4

Please itemize and quantify the costs of the merger. Please also provide the workpapers, calculations, formulas, assumptions, and supporting documentation for each cost estimate.

Response

Please refer to the response to Information Request DTE-2-1.

Information Request AG-1-5

Please itemize and quantify the benefits to customers of the merger. Please also provide the workpapers, calculations, formulas, assumptions, and supporting documentation for each benefit estimate.

Response

Please refer to the response to Information Request DTE-2-1.

Information Request AG-1-6

Referring to those plant accounts for which NSTAR proposes to change from a methodology of depreciating to amortizing the costs, please explain the manner in which it would account for the salvage and cost of removal for these assets.

Response

NSTAR Electric has proposed to account for general plant in accordance with FERC Accounting Release No. 15 (AR-15). AR-15 states: "salvage and removal costs relative to items in the vintage categories are included in the accumulated depreciation account and assigned to the oldest vintage first."

Information Request AG-1-7

Referring to those plant accounts for which NSTAR proposes to change from a methodology of depreciating to amortizing the costs, please provide an example of the journal entries that would be made when assets are retired and there is net positive salvage.

Response

NSTAR Electric would make a journal entry at the end of the amortization period to debit accumulated depreciation and credit plant in service for the total amount of the assets that become fully amortized. Per FERC Accounting Release No. 15, "interim retirements are not recognized."

Any amounts received as salvage would be credited to the depreciation reserve and result in a reduction to depreciation expense. Typically, salvage related to assets in these accounts tends to be very minimal and is usually negative.

Information Request AG-1-8

Please provide copies of the testimony and exhibits filed in support of Boston Edison Company's petition in D.T.E. 03-129 and D.T.E. 03-129-A.

Response

Please refer to Attachment AG-1-8(a) for a copy of the Boston Edison's initial filing (including testimony and exhibits) in D.T.E. 03-129. Attachment AG-1-8(b) is Boston Edison's motion to extend the expiration period for the issuance of credit in D.T.E. 03-129. The Companies are not aware of any matters before the Department designated as D.T.E. 03-129-A.

KEEGAN, WERLIN & PABIAN, LLP

ATTORNEYS AT LAW
265 FRANKLIN STREET
BOSTON, MASSACHUSETTS 02110-3113

(617) 951-1400

TELECOPIERS:
(617) 951-1354
(617) 951-0586

December 12, 2003

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, Massachusetts 02110

Re: Boston Edison Company d/b/a NSTAR Electric, Financing Request

Dear Ms. Cottrell:

Enclosed please find an original and nine copies of the application of Boston Edison Company d/b/a NSTAR Electric (the "Company") for authorization and approval of the issuance of long-term debt securities in an amount not to exceed \$500 million.

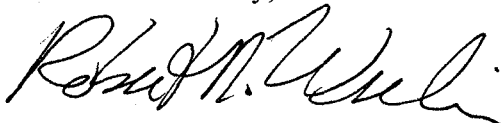
Also enclosed herewith is the direct testimony of Philip J. Lembo, Assistant Treasurer and Emilie G. O'Neil, Director of Corporate Finance and Cash Management, and exhibits thereto, as well as a check in the amount of \$75,600.00 for the filing fee.

Please direct any correspondence on this matter to me and to:

Richard J. Morrison, Esq.
NSTAR Electric & Gas Corporation
800 Boylston Street
Boston, Massachusetts 02199-8003
617-424-2111 (telephone)
617-424-2421 (facsimile)

Thank you for your attention to this matter.

Sincerely,



Robert N. Werlin

Enclosures

cc: Joseph Rogers, Office of the Attorney General
David Fine, Esq.

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

* Application of Boston Edison Company *
* for approval of the issuance from time to time *
* on or before December 31, 2005 of long-term *
* debt securities in an amount not to exceed *
* \$500,000,000. *

APPLICATION OF BOSTON EDISON COMPANY
FOR APPROVAL OF ISSUANCES OF INDEBTEDNESS

Boston Edison Company, hereinafter called the "Company", hereby applies to the Department of Telecommunications and Energy (the "Department") for approval to issue long-term debt securities in an aggregate amount not to exceed \$500,000,000, pursuant to G.L. c. 164 § 14.

In support of the Company's request, the Company states as follows:

1. The Company is a Massachusetts electric company, operating pursuant to G.L. c. 164, § 1, and is subject to the provisions of G.L. c. 164 as amended.
2. The Company has a principal place of business at 800 Boylston Street, Boston, Massachusetts and subject to Chapter 164 of the General Laws of Massachusetts.
3. As of September 30, 2003, the long-term Debentures issued and outstanding under the Indenture dated as of September 1, 1988 (the "1988 Indenture") with Bank of New York (formerly Bank of Montreal Trust Company), as Trustee, consisted of the following:

<u>SERIES/MATURITY DATE</u>	<u>PRINCIPAL AMOUNT</u>
Floating Rate, October 15, 2005	\$100,000,000
7.80% May 15, 2010	125,000,000
4.875% October 15, 2012	400,000,000
7.80% March 15, 2023	<u>181,000,000</u>
Total	\$806,000,000

4. As of September 30, 2003, the Company had outstanding \$15,000,000 aggregate principal amount of 5.75% Massachusetts Industrial Finance Agency Pollution Control Revenue Refunding Bonds, 1994 Series A (Boston Edison Company Project).
5. The Company maintains committed credit arrangements with various banks that provide for short-term borrowings by the Company at or below the prime interest rate, in an aggregate amount of \$350,000,000. As of September 30, 2003, the Company had no short-term borrowings outstanding pursuant to such credit arrangements, but had \$118,000,000 of commercial paper outstanding.
6. As of September 30, 2003, the Company had authorized 2,890,000 shares of Cumulative Preferred Stock, \$100 par value, of which the following series were outstanding: \$18,000,000 of Cumulative Preferred Stock, 4.25% Series, 180,000 shares; \$25,000,000 of Cumulative Preferred Stock, 4.78% Series, 250,000 shares.
7. As of September 30, 2003, the Company had authorized 8,000,000 shares of Preference Stock par value \$1 per share, of which no shares were outstanding.
8. As of September 30, 2003, the Company had authorized Common Stock of 100 shares, with a par value of \$1 per share, 75 of which were issued and outstanding and owned by BEC Energy, which is wholly-owned by NSTAR. The premium on such outstanding shares amounted to \$278,795,159.
9. It is necessary, expedient and in the public interest for the Company to issue and sell from time to time, on or before December 31, 2005, one or

more issues of long-term debt securities, in an aggregate amount (based on face amount) not to exceed \$500,000,000 and to use the proceeds of such issuances for the payment at maturity of certain outstanding long-term debt securities; for the refinancing of long-term debt and/or equity securities; for the payment of capital expenditures incurred by the Company for extensions, additions and improvements to the Company's plant and properties or for the payment of obligations of the Company incurred for such purposes; for the repayment of short-term debt balances; in the case of tax-exempt loans, debt service reserve funds and similarly required funds; and/or for general working capital purposes.

10. The Company proposes to issue and sell from time to time, on or before December 31, 2005, long-term debt instruments with maturity dates not to exceed forty years from the date of issuance with either an adjustable interest rate or a fixed interest rate not to exceed a rate established by the Department. Such long-term debt securities will be (i) unsecured notes or debentures ("Debentures") to be issued pursuant to the 1988 Indenture, or (ii) other evidences of indebtedness consisting of loans from a bank or syndicate of banks and/or other institutional investors such as one or more insurance companies ("Term Loans") or from a municipal agency issuing tax-exempt bonds on behalf of the Company ("Tax-Exempt Loans"), such Term Loans and Tax-Exempt Loans to be either unsecured or secured by individual parcels of real property or other specified assets or, in the case of Tax-Exempt Loans, municipal bond insurance.
11. It is in the public interest that the Company have the flexibility to issue and sell from time to time one or more series of long-term debt securities to enable it to take advantage of favorable market conditions which in management's judgment could result in significant savings to the Company and its customers.
12. Because of volatility in the debt markets, it is in the public interest that the purchasers of the long-term debt securities be selected not by competitive bidding, but rather by the Company on the basis of standards and criteria

which in management's judgment will result in significant benefits to the Company and its customers, including but not limited to the terms and interest rate.

13. The Board of Directors at a meeting duly called and held on December 11, 2003 authorized this application.
14. It is in the public interest that the Company has the flexibility to adjust the face value of debt instruments to reflect the final pricing of the security, including a discount to the face value of a particular security.

WHEREFORE, the Company requests that pursuant to the applicable provisions of Chapter 164 of the General Laws, the Department:

- A. Vote that the issuance by the Company from time to time of long-term debt securities in an amount not to exceed \$500,000,000 is reasonably necessary for the purposes stated;
- B. Approve and authorize the issuance and sale from time to time, on or before December 31, 2005, of long-term debt securities consisting of one or more series of Debentures, Term Loans or Tax-Exempt Loans, upon such terms, at such rates of interest, with such maturities and at such prices, as the Company may determine and if the price of any long-term debt securities is below the face amount of such long-term debt securities, find that the issuance and sale is in the public interest and if a security is sold at less than par value, to amortize the discount over the life of the security;
- C. Grant an exemption from the requirements of Section 15A of Chapter 164 in connection with the sale of any long-term debt securities;
- D. Approve and authorize the use of the proceeds of the issue and sale of such securities for the payment at maturity of certain outstanding long-term debt securities; for the refinancing of long-term debt and/or equity securities; for the payment of capital expenditures incurred by the Company for extensions, additions and improvements to the Company's

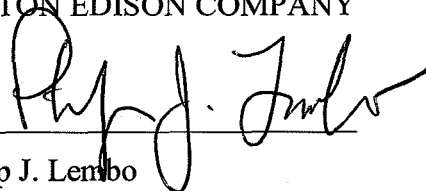
plant and properties or for the payment of obligations of the Company incurred for such purposes; for the repayment of short-term debt balances; in the case of tax-exempt loans, debt service reserve funds and similarly required funds; and/or for general working capital purposes;

- E. Find that the granting of an exemption from the competitive bidding requirements of Section 15 of Chapter 164 in connection with the sale of any long-term debt securities is in the public interest;
- F. Grant an exemption from said requirements of said Section 15 of Chapter 164; and
- G. Issue such other and further orders as may be necessary to permit the Company to effect the transactions contemplated by this Application.

Respectfully submitted,

BOSTON EDISON COMPANY

By



Philip J. Lembo
Assistant Treasurer
Boston Edison Company
One NSTAR Way
Westwood, MA 02090

DATED: December 12, 2003

Filename: s:\shared\corpfin\files\dte financing plan\Beco 2003\beco dte applic.doc

BOSTON EDISON COMPANY

Testimony of Philip J. Lembo and Emilie G. O'Neil

D.T.E. 03-__

1 **Q. Please state your name and business address.**

2 A. Our names are Philip J. Lembo and Emilie G. O'Neil. Our business address is
3 One NSTAR Way, Westwood, Massachusetts.

4 **Q. By whom are you employed and in what capacity?**

5 A. [Witness Lembo] I am Assistant Treasurer for Boston Edison Company ("Boston
6 Edison" or the "Company").

7 A. [Witness O'Neil] I am the Director of Corporate Finance and Cash Management
8 for Boston Edison Company.

9 **Q. Please describe your education and professional background.**

10 A. [Witness Lembo] My education and professional background are described in
11 Exhibit BE-2A.

12 A. [Witness O'Neil] My education and professional background are described in
13 Exhibit BE-2B.

14 **Q. Please describe your duties and responsibilities for the Company.**

15 A. [Witness Lembo] I have overall responsibility for Investor Relations and
16 Shareholder Services, Corporate Finance and Cash Management. I have testified
17 in two previous finance-related applications for Boston Edison Company's 2001-
18 2002 Finance Plan, D.T.E. 00-62 and Commonwealth Electric Company's
19 Approval of Issuance of Indebtedness, D.T.E. 02-51.

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 2

1 A. [Witness O'Neil] My primary responsibilities include cash management,
2 development and implementation of long-term financing plans and lease
3 financings. I have testified in six previous financing related applications. Five
4 were for Boston Edison (D.P.U. 92-244, D.P.U. 92-253, D.P.U. 94-160,
5 D.T.E. 98-118 and D.T.E. 00-62). D.T.E. 00-62 was the Company's 2001-2002
6 Finance Plan. I also testified in Commonwealth Electric Company's Approval of
7 Issuance of Indebtedness, D.T.E. 02-51.

8 **Q. Please describe the Company's application that is the subject of this hearing.**

9 A. The Company requests approval by the Department of the issuance and sale from
10 time to time, on or before December 31, 2005, of up to \$500,000,000 aggregate
11 amount (based upon face amount) of long-term debt securities. The net proceeds
12 of such issuances and sales will be applied: (a) to the payment at maturity of
13 certain outstanding long-term debt securities; (b) for the refinancing of long-term
14 debt and/or equity securities; (c) for the payment of capital expenditures incurred
15 by the Company for extensions, additions and improvements to the Company's
16 plant and properties, or for the payment of obligations of the Company incurred
17 for such purposes; (d) for the repayment of short-term debt balances; (e) in the
18 case of tax-exempt loans, debt service reserve funds and similarly required funds;
19 and/or (f) for general working capital purposes.

20 **Q. Are you familiar with Exhibit BE-3, the Balance Sheet dated September 30,**
21 **2003?**

22 A. Yes, we are.

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 3

1 **Q. What does this exhibit show with respect to the capital structure of the**
2 **Company?**

3 A. Exhibit BE-3 shows that at September 30, 2003, Boston Edison had issued and
4 outstanding: (a) \$18,000,000 Cumulative Preferred Stock, 4.25% Series;
5 (b) \$25,000,000 Cumulative Preferred Stock, 4.78% Series; (c) \$75 Common
6 Stock (par value); and (d) \$278,795,159 Premium on Common Stock. In
7 addition, at September 30, 2003 the Company had outstanding the following
8 long-term unsecured debentures under its Indenture dated as of September 1,
9 1988 with the Bank of New York (formerly Bank of Montreal Trust Company),
10 as trustee (hereinafter referred to as the 1988 Indenture):

11	<u>Series</u>	<u>Maturity Date</u>	<u>Principal Amount</u>
12			
13	Floating ¹	October 15, 2005	\$100,000,000
14	7.80%	May 15, 2010	125,000,000
15	4.875%	October 15, 2012	400,000,000
16	7.80%	March 15, 2023	<u>181,000,000</u>
17	Total		<u>\$806,000,000</u>

18 As of September 30, 2003, the Company also had outstanding \$15,000,000
19 aggregate principal amount of 5.75% Massachusetts Industrial Finance Agency
20 Pollution Control Revenue Refunding Bonds, 1994 Series A (Boston Edison
21 Company Project).

22 As of September 30, 2003, the Company had authorized 8,000,000 shares of
23 Preference Stock par value of \$1.00 per share of which no shares are outstanding.

¹ The interest rate for the period October 15, 2003 to January 15, 2004 is 1.65 percent.

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 4

1 The Company maintains credit arrangements with various banks totaling
2 \$350,000,000, which provide for short-term borrowings by the Company. As of
3 September 30, 2003, the Company had no short-term borrowings outstanding
4 pursuant to such credit arrangements. These credit arrangements provide
5 liquidity support for the Company's commercial paper program. As of
6 September 30, 2003, the Company had \$118,000,000 of commercial paper
7 outstanding.

8 **Q. What ratings have been assigned to the Company's outstanding securities by**
9 **the major rating agencies?**

10 A. The outstanding debentures are rated A1 by Moody's, A by Standard and Poor's
11 and AA- by Fitch. The Company's outstanding Preferred Stock is rated a2 by
12 Moody's, BBB+ by Standard and Poor's and A+ by Fitch.

13 **Q. Are you also familiar with Exhibit BE-4?**

14 A. Yes, we are.

15 **Q. What does Exhibit BE-4 show?**

16 A. Boston Edison has traditionally filed this exhibit with the Department in any
17 application for approval of the issuance and sale of securities. It represents a way
18 of determining the excess of the Company's plant balances over the amount of
19 securities outstanding. Exhibit BE-4 shows the capitalizable plant balance less
20 reserves for depreciation and amortization against which securities have not been
21 authorized by the Department as of September 30, 2003.

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 5

1 This exhibit shows that the Company has a sufficient balance of total
2 capitalizable plant less reserves for depreciation against which up to
3 \$865,373,368 aggregate amount of debt securities may be authorized in this
4 proceeding.

5 **Q. How is the \$2,008,168,602, the net capitalizable plant number as of**
6 **September 30, 2003, being calculated?**

7 A. This number is the \$2,876,142,223, capitalizable utility plant from Exhibit BE-3,
8 minus \$867,973,621, accumulated provision for amortization and depreciation of
9 utility plant from Exhibit BE-3.

10 **Q. Were the figures used in this exhibit taken from the Balance Sheet, Exhibit**
11 **BE-3?**

12 A. Yes, they were.

13 **Q. Would you please elaborate on the Company's proposed financing request?**

14 A. The proposed financing request will enable the Company to sell from time to
15 time, on or before December 31, 2005, one or more issues of long-term debt
16 instruments consisting of: (i) unsecured notes or debentures ("Debentures") to be
17 issued pursuant to the Company's 1988 Indenture; or (ii) other evidences of
18 indebtedness consisting of loans from a bank or syndicate of banks and/or other
19 institutional or governmental lenders such as one or more insurance companies or
20 certain governmental agencies ("Term Loans") or from a municipal agency
21 issuing tax-exempt bonds on behalf of the Company ("Tax-Exempt Loans"), such
22 Term Loans and Tax-Exempt Loans to be either unsecured or secured by

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 6

1 individual parcels of real property or other specified assets or, in the case of Tax-
2 Exempt Loans, municipal bond insurance.

3 **Q. Is the Company's application similar to prior applications for authorization**
4 **to issue securities?**

5 A. The Company's application is similar to other two-year financing applications
6 filed by the Company since 1987 (D.P.U. 87-245-A, D.P.U. 89-44, D.P.U. 91-47,
7 D.P.U. 92-253, D.P.U. 94-160 and D.T.E. 00-62). In each of those applications
8 the Company requested and received authority to issue from time to time,
9 pursuant to a finance plan, between \$200,000,000 and \$1,100,000,000 aggregate
10 amount of debt and equity securities.

11 **Q. The Company's financing request contemplates the borrowing of up to**
12 **\$500,000,000 of debt securities from time to time in order to satisfy the**
13 **Company's projected financing needs. Could you please describe on what**
14 **basis this amount was arrived at?**

15 A. During the 2004-2005 period, \$100,000,000 principal amount of the Company's
16 Notes will become due. A detailed capital budget for 2004 through 2005 is not
17 yet available, however, the Company has been able to forecast expected capital
18 expenditure levels. Total capital expenditures are expected to be approximately
19 \$440,000,000 for the two-year period, primarily reflecting expenditures for major
20 transmission and distribution projects.

21 The Company may also consider refinancing some of its short and long-term debt
22 securities with long-term debt if market conditions warrant. Short-term debt is
23 incurred by the Company for capital expenditures in advance of refunding such

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 7

1 debt with long-term debt, for working capital needs and for other corporate
2 purposes. A portion of the financing needs is expected to be funded from cash
3 from operations, which is forecasted to be approximately \$560,000,000 over the
4 two year period, leaving the balance to be funded through external financings.

5 **Q. What is the maximum interest rate that the Company proposes at this time?**

6 A. The Company is proposing that the interest rate on such debt securities may be a
7 fixed rate or an adjustable rate, which will vary with a market index designated at
8 the time of such debt securities, not to exceed an effective rate of 10 percent per
9 annum.

10 **Q. Why has the Company asked the Department to authorize the issuance of**
11 **long-term debt securities up to a dollar limit?**

12 A. The Company began to re-evaluate the process by which it sought approval from
13 the Department for permanent financings as a consequence of the first market
14 crash of October 1987. During that time, while the stock market experienced
15 record declines the bond market realized significant gains as yields fell by more
16 than 100 basis points. The financial markets are still volatile and are increasingly
17 more complex. The flexibility provided by this financing request allows for the
18 issuance of securities when the Company needs the money while allowing the
19 Company to take advantage of the markets.

20 Although the Company reasonably projects its financing needs to be
21 approximately \$500,000,000, the timing of those needs is uncertain. In addition,
22 the optimal time to incur such indebtedness will depend heavily upon fluctuating

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 8

1 interest rates. The cost of capital associated with a particular security has
2 fluctuated significantly over short periods of time, as have the relative costs of
3 different securities. This volatility in the long-term debt market is presented in
4 Exhibit BE-5A. In the last five years, the 30-year US Treasury bond, which is
5 the underlying base security for utility long-term debt, fluctuated from a high of
6 approximately 6.49 percent to a low of approximately 4.36 percent.

7 Without the requested authority, the Department would have to consider each
8 individual issuance of securities. We believe that the Company's financing
9 request provides significant economies to both the Company and the Department,
10 while at the same time providing the Department full opportunity to exercise its
11 regulatory responsibilities.

12 **Q. Could you please describe the approximate current market for long-term**
13 **debt securities, for the Company or similarly rated companies?**

14 A. The current interest rate for 30-year "A" rated utility bonds is around
15 6.25 percent. The yield history from October 1998 through September 2003 for
16 long-term debt issues for electric utilities with similar ratings is provided in
17 Exhibit BE-5B. Over the last five years yields on long-term debt have fluctuated
18 from 5.11 percent to 8.51 percent.

19 **Q. Would you please describe in more detail the types of long-term debt**
20 **securities the Company may enter into pursuant to this financing request?**

21 A. The Company proposes to issue long-term debt instruments with a maturity
22 greater than one year and not to exceed 40 years from the date of issuance. The

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 9

1 securities would carry either a fixed interest rate not to exceed the rate established
2 by the Department or an adjustable rate, which will vary with a market index to
3 be designated at the time of issuance or in accordance with a market auction
4 mechanism but not to exceed a maximum rate. Maximum rates were similarly
5 authorized in D.P.U. 89-44, D.P.U. 91-47, D.P.U. 92-253, D.P.U. 94-160 and
6 D.T.E. 00-62. Such long-term debt instruments will be (i) unsecured
7 Debentures,(ii) Term Loans or (iii) Tax-Exempt Loans.

8 **Q. If and when the Company determines to issue and sell, how would it plan to**
9 **market the securities?**

10 A. Depending on the type of security and market conditions at the time, the
11 securities would be sold from time to time in light of the Company's refinancing
12 or cash requirements. The securities would be sold in one or more public
13 offerings through one or more underwriters or agents, in private offerings or in
14 connection with the establishment of loan facilities with one or more of the
15 institutional or governmental lenders previously described.

16 **Q. Please describe the procedure for selling the securities in a public offering.**

17 A. To issue and sell the securities in public offerings, the Company will be required
18 to file a registration statement with the Securities and Exchange Commission (the
19 "SEC"). After a registration statement is declared effective by the SEC, and, at
20 such time or times as the Company determines to sell the securities, the Directors
21 of the Company and/or authorized officers would meet to fix the final terms of
22 sale as authorized by the Department. The commission to be paid to the

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 10

1 underwriters or agents in a public offering would not be expected to exceed
2 1 percent of the gross proceeds to the Company from the offering of any debt
3 securities.

4 **Q. Would you describe how the securities would be sold pursuant to a public**
5 **offering in a negotiated transaction?**

6 A. In a negotiated transaction, the registration statement is typically prepared by the
7 Company with input from the designated underwriter(s) or agent(s) and its
8 regular counsel. Prior to the filing of the registration statement with the SEC, the
9 underwriter(s) would hold several meetings to review market conditions with the
10 Company and help structure the transaction (e.g., market timing, size of issue,
11 maturity dates, redemption provisions) to obtain the best rates and prices in light
12 of market demands. After the registration statement is filed with the SEC, the
13 underwriter(s) or agent(s) would commence pre-marketing of the securities using
14 the preliminary prospectus. During this period, depending on the nature of
15 securities being offered, and the distribution of such securities, any underwriter(s)
16 could also begin forming a selling group or syndicate. During the pre-marketing
17 period the underwriter(s) or agent(s) determines and reports on the level of
18 interest of the investing public and advises the Company whether it could be
19 beneficial to alter the terms of the securities in any way or to change the type of
20 security to be offered as was the case when the Company issued 30-year
21 Debentures instead of 5-year Medium-Term Notes in the spring of 1990. Pre-
22 marketing is critical when the markets are volatile, the market for the security is

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 11

1 limited or there are other financial complexities that require explanation for the
2 investor to fully understand the Company. All information collected by the
3 underwriter during the pre-marketing period is relayed back to the Company as
4 well as information and suggestions from the underwriter's economists, credit
5 analysts and traders. The information collected during the pre-marketing period
6 allows the Company to identify and take quick advantage of market windows in
7 many instances within a four to six-hour period. Pre-marketing may also increase
8 interest and demand for the new issue allowing for more aggressive pricing thus
9 reducing the cost to our customers.

10 At such time as the Company (with advice from the underwriters as to market
11 conditions) determines to sell the securities, officers of the Company would enter
12 into negotiations with the underwriter(s) with respect to the final terms of the
13 offered security. After an agreement has been reached as to the terms of sale, the
14 Company and the underwriters would enter into a firm purchase agreement and a
15 final amendment to the registration statement or a prospectus supplement would
16 be filed with the SEC.

17 **Q. What alternative is there to a negotiated public offering?**

18 A. The Company could utilize a competitive bidding process to offer the new
19 securities to the public.

20 In a competitively bid transaction, the registration statement is prepared by the
21 Company without the assistance of a designated underwriter and that

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 12

1 underwriter's regular counsel. The registration statement is reviewed by counsel
2 for the Company and counsel designated by the Company to represent the
3 prospective underwriter. After the registration statement is filed with the SEC,
4 the Company would publish a notice of invitation for proposals in two or more
5 local daily newspapers, as required by G.L. c. 164, § 15, and in a national
6 newspaper, such as the Wall Street Journal. If the issuance of securities is not
7 subject to the competitive bid requirements of G.L. c. 164, § 15 (which is the case
8 with preferred stock, preference stock and common stock) or an exemption had
9 been obtained, the Company would send the invitation to a number of prospective
10 underwriters familiar with the Company rather than publishing a notice as
11 publishing a notice is expensive and often less effective.

12 The notice of invitation for proposals would include a specific description of the
13 securities to be issued (amount, redemption provisions, sinking funds,
14 minimum/maximum prices, etc.) so that each bid is expressed on the same basis
15 for comparison purposes. The invitation would also state that the Company will
16 give at least 48 hours notice of the date and time bids should be submitted (or 24
17 hours notice, if preliminary information has reached the prospective underwriters
18 in a timely fashion; however, this shorter time period may also limit the number
19 of underwriters willing to commit to a bid). Interested underwriters would be
20 invited to contact the Company to obtain copies of the offering materials
21 including a copy of the registration statement and the form of underwriting
22 agreement together with a form for submitting proposals to the Company. The

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 13

1 Company would prepare the underwriting agreement, like the registration
2 statement, with input from counsel for the Company and designated counsel for
3 the underwriters.

4 After the registration statement is declared effective for bidding by the SEC, and
5 at such time as the Company determines to issue the new securities, the Company
6 would give notice by mail, phone or both to each underwriter who expressed an
7 interest of the date and time to submit bids. At the time and place designated,
8 each interested underwriter would submit by phone or hand delivery a sealed bid
9 which would include, among other terms, designation of the proposed dividend
10 rate (in the case of preferred or preference stock) or interest rate (in the case of
11 debt securities), the price to be paid to the Company, and the underwriting
12 commission for the proposed issue. At the time designated, all bids would be
13 opened and examined to determine which bid provided the lowest effective cost
14 of capital to the Company. At such time the Directors would meet to approve the
15 winning bid, thereby setting the terms of the new securities. All other bids would
16 be formally rejected at that time. In the event that the Company was not satisfied
17 with any of the bids, the Company could reject all bids. Once the issue is priced
18 and the purchase agreement signed, the procedures for competitively bid
19 transactions and negotiated transactions through closing of the offering are
20 identical.

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 14

1 **Q. What are the drawbacks of the competitive bid process?**

2 A. The principal differences between a negotiated transaction and a competitive bid
3 transaction are evident at two stages – during preparation of the registration
4 statement (and related documents) and at selection and pricing of the issue. In
5 each stage of the competitive bid process the Company is without the benefit of
6 the underwriter's knowledge and expertise both from a marketing perspective
7 (preparation of the prospectus and pre-marketing) and from a pricing perspective
8 (selecting a market "window").

9 In addition, as we have indicated earlier in our testimony, the Company believes
10 that the flexibility of being able to select a form of security most appropriate to a
11 particular market condition and then time the issuance of such security to the
12 market "window" are two principal factors which generate capital cost savings.

13 To permit the Company to utilize fully those two factors requires that the
14 Company work very closely with the underwriters as market conditions change
15 both in terms of selecting the most appropriate security as well as monitoring
16 daily changes in interest rates and other market events, which affect rates. The
17 competitive bid process inhibits the Company's ability to vary the form and
18 timing of issuances that are advantageous in today's complex and volatile market.

19 As the Department recognized in D.P.U. 92-253-A, "in such fluctuating securities
20 markets, negotiated transactions reasonably may benefit ratepayers and are more
21 appropriate than competitive bid placements" (page 20).

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 15

1 **Q. You mentioned that the securities might be sold in a private offering rather**
2 **than a public offering. Could you please describe a private offering?**

3 A. In a private offering the securities would be offered only to a small number of
4 qualified investors pursuant to an exemption from the registration provisions of
5 the Securities Act of 1933. The Company would not be required to file a
6 registration statement with the SEC. The securities would be offered either
7 directly to the investors or through a placement agent for a fee, which is not
8 expected to exceed 1-2 percent. In the case of a Term Loan, the Company would
9 negotiate directly with commercial banks to structure the terms and conditions of
10 the credit agreement.

11 **Q. How would the Company expect to issue debt securities in the form of Term**
12 **Loans?**

13 A. The Company would expect to enter into negotiations with several institutional
14 lenders or governmental agencies that may be willing to make long-term loans to
15 the Company. Once the Company had agreed with one or more of such lenders
16 on the terms and conditions of such a loan or loans, the Company and the lenders,
17 would enter into a credit agreement which would set forth the specific terms and
18 conditions relating to the Term Loans. The Company would then borrow funds
19 under the Term Loan agreement or convert its outstanding short-term loans into
20 long-term loans under that agreement.

21 The competitive bid requirements of Section 15 of Chapter 164 would not apply
22 to the Term Loans since that section is applicable only to bonds, debentures,

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 16

1 notes and other evidences of indebtedness payable at periods more than five years
2 after the date thereof.

3 **Q. Please describe Exhibit BE-6.**

4 A. Exhibit BE-6 for identification sets forth the vote taken by the Board of Directors
5 of the Company at its meeting held on December 11, 2003 relating to this
6 application. Richard Morrison, the Assistant Clerk of the Company, has certified
7 this vote.

8 **Q. Is the vote appearing in Exhibit BE-6 for identification an accurate copy of**
9 **the original vote that appears in the minute books of the Company?**

10 A. Yes, it is.

11 **Q. What does the Company wish the Department to do at this time?**

12 A. We would ask the Department to issue an order at this time authorizing the
13 issuance and sale by the Company from time to time on or before December 31,
14 2005 of long-term debt securities in an aggregate amount not to exceed
15 \$500,000,000 consisting of one or more series of Debentures, Term Loans, or
16 Tax-Exempt Loans with such maturities not to exceed 40 years and at a fixed rate
17 or adjustable rate of interest not to exceed an effective rate of 10 percent per
18 annum, and if the price of any long-term debt securities is below the face amount
19 of such long-term debt securities, find that the issuance and sale is in the public
20 interest and fix the amortization of the discount, as the Department may deem
21 necessary in the public interest.

Testimony of Philip J. Lembo and Emilie G. O'Neil
Exhibit BE-1
December 12, 2003
Page 17

1 We would ask that the Department's order grant an exemption from the
2 requirements of Section 15A of Chapter 164 and from all of the competitive
3 bidding and other requirements in Section 15 of Chapter 164 in connection with
4 the sale of any long-term debt securities.

5 Finally, we would ask that the Department's order authorize that the net proceeds
6 from the issue and sale of such securities be used: (a) to the payment at maturity
7 of certain outstanding long-term debt securities; (b) for the refinancing of long-
8 term debt and/or equity securities; (c) for the payment of capital expenditures
9 incurred by the Company for extensions, additions and improvements to the
10 Company's plant and properties, or for the payment of obligations of the
11 Company incurred for such purposes; (d) for the repayment of short-term debt
12 balances; (e) in the case of tax-exempt loans, debt service reserve funds and
13 similarly required funds; and/or (f) for general working capital purposes.

14 **Q. Mr. Lembo and Ms. O'Neil, in view of your detailed knowledge of the**
15 **Company and its finances, is it your opinion that the proposed Term Loans**
16 **not in excess of \$500,000,000 aggregate amount is reasonably necessary for**
17 **the purposes which you have stated and is in the public interest?**

18 **A. Yes, it is.**

19 **Q. Does this conclude your testimony?**

20 **A. Yes it does.**

PHILIP J. LEMBO

1087 Franklin Street

Melrose, Ma 02176

Office: 781-441-8100

Fax: 781-441-8195

Email: Philip_Lembo@nstaronline.com

SUMMARY

Experienced business executive with a proven ability to initiate change and affect results within multi-billion dollar companies. Broad managerial and technical expertise in investor relations, internal auditing, corporate finance and employee training and development.

- Widely recognized for innovation, initiative and leadership in business, professional and community groups.
- Strong commitment to anticipating and working collaboratively to meet the needs of internal and external customers.
- Viewed as a problem solver with an ability to positively influence outcomes and effectively communicate with all levels of the organization, including the board of directors.
- More than 25 years' experience in all managerial and technical aspects of internal auditing within the electric utility and financial services industries.

PROFESSIONAL EXPERIENCE

NSTAR, Boston, MA (1999 – Present)

Assistant Treasurer, Corporate Finance & Investor Relations (3/1/2000 – Present) - Responsible for NSTAR's long and short-term financing programs including analysis of capital markets, financing alternatives, structuring issues, credit needs and lease finance programs. Responsible for planning, developing, implementing and managing an effective financial communications and relationships program between the Company and the investing public. Also responsible for managing the shareholder services function for more than 30,000 registered shareholders of the Company.

BOSTON EDISON COMPANY, Boston, MA (1983 - 1999)

Director, Investor Relations – (1994 - 1999) - Provide the single point of contact with all members of the investment community, and manage all shareholder relations for approximately 100,000 individual and institutional shareholders. Specific accomplishments include the demonstrated ability to:

- Communicate effectively with securities analysts and investment fund managers to ensure appropriate valuation of company.
- Plan, organize and develop the content and format of the company's presentations to more than 200 investment professionals across the country.
- Manage the quality and costs associated with services provided under a \$1.6 million transfer agent contract.
- Design and produce the company's Annual Report To Shareholders.

Audit Director (1989 - 1994)

Reporting directly to the Chairman and Chief Executive Officer, hired, trained and directed a team of 10 professionals in all aspects of internal auditing. Specific accomplishments included:

- Guided the re-focus of the company's Audit Department into proactive, business-focused, solutions-oriented group. Continuously questioned the status quo, resulting in changes that improved business processes, reduced costs and improved service to customers.
- Conceived, designed and implemented value-added processes to improve the quality of audit services, such as: risk/value model, employee work teams, auditor rotation program, customer and executive feedback mechanisms and audit report follow-up system.
- Provided written and oral presentations of audit results to the Audit, Finance and Risk Management Committee of the Board of Directors and Senior Management.

Principal Budget Analyst (1988 - 1989) - Selected by Controller to assist in effective implementation of "budget representative" model for improved quality and service. Monitored, analyzed and assisted internal groups controlling a combined \$500 million capital and expense budget. Supervised an Assistant Budget Analyst and conducted special projects at request of Controller.

Internal Audit Manager (1983 - 1988) - Managed team of five internal auditors. Duties included planning audit assignments, selecting and developing staff, directing and controlling audit projects, and reporting audit results.

PRUDENTIAL INSURANCE COMPANY OF AMERICA, Boston, MA (1977 - 1983)

Associate Audit Manager - Managed a staff of five professional in all aspects of internal audit.

Associate Manager of Group Insurance Claim Quality Assurance - Selected by Senior Vice President to re-focus established quality control program. Through the use of employee teams, developed expanded, proactive quality assurance program.

Associate Manager Training - Selected by Vice President to develop a training program for new internal auditors. Successfully developed two-week program that was used to train all new internal auditors.

PROFESSIONAL AND COMMUNITY CONTRIBUTIONS

Internal Audit Speaker - Auditing Power Plant Operations, Improving Audit Efficiency, Managing The Audit Process, Developing A Risk Assessment Model, Information Systems Audit & Control, Total Quality Management in the Small Audit Organization, Effective Strategies For Reporting Audit Results, and Developing Auditor Competency Models.

Instructor, Internal Auditing - Developed and instructed a semester long undergraduate/graduate course in Internal Auditing at The University of Massachusetts - Boston and Bentley College, Waltham, MA (1989 - 1996)

Greater Boston Chapter, The Institute of Internal Auditors, Inc. (1983 - 1994) - Held positions as President, Vice President, Treasurer, Secretary, Chairman of Education, Chairman of College Relations, and Chairman of Seminars for this 500+ member Chapter. As president(1990- 1991), Chapter awarded its only *Gold Medal Award* for outstanding service to members and the profession.

Melrose LAUNCH, Inc. (1990 -1996) - Member of the Board of Directors. Served as Vice President, Treasurer, and Chairman of Fund-raising. Collaborated with business leaders, school administrators and faculty to help improve educational services offered in the community.

Roosevelt Elementary School Council (1993 - 1997) - Elected by parents to a four-year term. Collaborated with parents, teachers, business advisors and school administrators to develop school improvement plans.

Melrose American Little League & Babe Ruth Baseball League- Coach & Board member (1990 – 1999).

EDUCATION/CERTIFICATION

Certifications - Certified Internal Auditor and Certified Information Systems Auditor

Boston University, Boston, MA - Master of Business Administration (with honors) - 1983

Salem State College, Salem, MA - Bachelor of Science, Business Administration (Magna Cum Laude) – 1977

Exhibit BE-2B

Emilie G. O'Neil
22 Aqueduct Road
Wayland, MA 01778
Home: (508) 651-8199
Office: (781) 441-8127
Fax: (781) 441-8195
E-mail: emilie_o'neil@nstaronline.com

Professional Experience:

1999 to Present	NSTAR Director, Corporate Finance & Cash Management	Boston, MA
1987 to 1999	Boston Edison Company Manager, Corporate Finance Vice President & Treasurer of BEC Funding, LLC. Treasurer of the Boston Edison Foundation Senior Financial Analyst (1990-1991) Financial Analyst (1989-1990) Associate Financial Analyst (1987-1989)	Boston, MA

Primary Responsibilities:

1. Implement long-term financing plans for the Holding Company as well as for its subsidiaries.

Testified in the Company's DTE financing proceedings. The two largest included a \$ 1.1 billion authorization as well as a \$725 million stranded cost authorization.

Coordinate the issuance and redemption of company securities with Senior Management, the Board of Directors, the Trustees, Transfer Agent, SEC, Lawyers, Printers, Rating Agencies and the Investment Community.

Establish stock buy-back program and debt tender programs.

Maintain on-going relations with the Rating Agencies.
2. Analyze financing alternatives and capital markets. Perform capital structure analysis and recommend appropriate dividend and financing strategies.
3. Develop and implement Securitization Financing.
 - A) File financing plan with DTE.
 - B) Serve as expert witness.
 - C) Secure all regulatory approvals (SEC, IRS, and DTE).

Emilie G. O'Neil

Page 2

- D) Coordinate structure and terms with investment bankers, Mass Agencies, lawyers, rating agencies, printers, DTE and SEC.
 - E) Develop rating agency presentation.
 - F) Performed an active role in road show.
1. Develop and manage access to short-term capital markets.
- A) Establish and maintain relations with commercial banks and commercial paper dealers.
 - B) Establish, monitor and revise bank lines of credit.
 - C) Evaluate short-term financing alternatives.
 - D) Establish and maintain means to invest excess short-term cash.
5. Ensure effective utilization of corporate cash on daily basis.
- A) Monitor and analyze corporate cash balances.
 - B) Initiate electronic transfer of Company funds.
 - C) Manage short-term debt and investment portfolio.
 - D) Coordinate the issuance of commercial paper and bank loans.
 - E) Maintain appropriate records and reporting systems.
6. Ensure Company compliance with SEC, trustee and security holder's regulations and requirements.
- A) Ensure that the Company meets its financial and other obligations with respect to outstanding securities.
 - B) Maintain liaison with bond trustee, interest and dividend disbursing agents, and stock transfer agent.
 - C) Coordinate interest, dividends, principal and other payments as required.
 - D) Prepare compliance reports pursuant to Company financing agreements.
6. Analyze and implement Lease Financing as a long-term financing alternative.
- A) Conduct lease vs. buy analyses.
 - B) Determine most economic structure for both tax and accounting considerations.
 - C) Send out and evaluate RFP's.
 - D) Negotiate pricing and terms with lessors.
 - E) Draft and review legal documentation.
 - F) Effect the successful placement of desired leases.

Emilie G. O'Neil

Page 3

- G) Coordinate communication between Company operating departments and lessors.
 - H) Assist operating departments in administration of lease program.
6. Perform the annual dividend study.
7. Administer the Company's Dividend Reinvestment Plan and Common Stock Purchase Plan.
8. As Treasurer of the Boston Edison Foundation, responsible for investment and disbursement of Foundation funds, as well as for financial statement preparation.
9. Perform financial consulting to various areas and miscellaneous financial analyses.
12. Corporate Cash Accounting Administration.
- A) Coordinate all corporate cash disbursements and receipts as well as posting these transactions to the Company's general ledger system.
 - B) Perform all bank reconciliations; research variances and resolve as necessary.
13. Petty Cash & Travel Reimbursement.
- A) Review for accuracy and appropriateness; issue checks.
 - B) Function as Travel Communication Center for employees.

Emilie G. O'Neil

Page 4

1982-1984

Peat, Marwick, Mitchell & Co.

Boston, MA

Tax Consultant, Tax Department
Prepared Partnership, Trust, Corporate and
Individual tax returns. Performed tax research.

1982-1984

Marine Midland Bank

New York, NY

Designed econometric models in the
context of country risk analysis.

Education:

Cornell University, Ithaca, NY

M.B.A with a concentration in Accounting and Finance,
May 1986

Columbia University, New York, NY

A.B. in Economics and Mathematics, May 1982

Phi Beta Kappa

Magna Cum Laude

References: Furnished upon request.

Boston Edison Company (Unconsolidated)
Balance Sheet (Unaudited)
September 30, 2003

Assets		
Capitalizable utility plant		<u>\$ 2,876,142,223</u>
Other property and Investments:		
Investments in subsidiaries	\$ 8,009,680	
Other investments	<u>10,923,002</u>	18,932,683
Goodwill*		286,507,980
Current and accrued assets:		
Cash	\$ 11,329,875	
Accounts receivable	199,237,836	
Accounts receivable from affiliates	214,016,548	
Accrued unbilled revenues	35,029,000	
Materials & supplies	15,117,445	
Prepaid expenses and other	<u>9,150,969</u>	483,881,674
Regulatory assets		1,144,355,191
Other deferred debits		<u>10,519,835</u>
Total assets and other debits		<u><u>\$ 4,820,339,585</u></u>
Capitalization and Liabilities		
Capital stock:		
Common Stock	\$ 75	
Premium on common stock	278,795,159	
Goodwill Equity	<u>319,048,041</u>	\$ 597,843,275
Surplus:		
Earned surplus	505,159,914	
Surplus invested in plant	<u>405,485</u>	<u>505,565,399</u>
Total Common equity:		<u>1,103,408,674</u>
Preferred Equity		43,000,000
Long-term debt:		
Tax exempt debt		15,000,000
Debentures		806,000,000
Due to affiliates-Securitization		377,390,163
Current and accrued liabilities:		
Long-term debt due in one year	\$ -	
Notes payable	118,000,000	
Accounts payable-affiliates	108,217,604	
Accounts payable	141,437,864	
Accrued interest	16,047,044	
Dividend payable	326,666	
Other	<u>90,823,747</u>	474,852,925
Deferred credits:		
Accumulated deferred income taxes	\$ 610,977,313	
Accumulated deferred ITC	17,457,722	
Power contracts	288,320,972	
Other	<u>211,165,777</u>	1,127,921,784
Reserves:		
Accumulated provision for rate refunds	4,792,418	
Accumulated provision for amort. & deprec. of utility plant	<u>867,973,621</u>	<u>872,766,039</u>
Total capitalization, liabilities, and other credits		<u><u>\$ 4,820,339,585</u></u>

* Allocated Goodwill associated with the acquisition of Commonwealth Energy System reported only for DTE Regulatory purposes.

Boston Edison Company (Unconsolidated)

Capitalizable Plant, Less Reserves for Utility Depreciation and Amortization,
and Exclusive of Nonutility Property, for Which Securities Have Not Been
Authorized by The Department of Telecommunications and Energy
September 30, 2003

Net Capitalizable plant, June 30, 2000	\$ 1,711,179,782
Net additions from June 30, 2000 to September 30, 2003	<u>296,988,820</u>
Net Capitalizable plant, September 30, 2003	2,008,168,602

Securities authorized and outstanding at September 30, 2003:

Common Stock and Premium	278,795,234
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Preferred stock:

4.250% Series	18,000,000
4.780% Series	25,000,000

Long-Term Debentures:

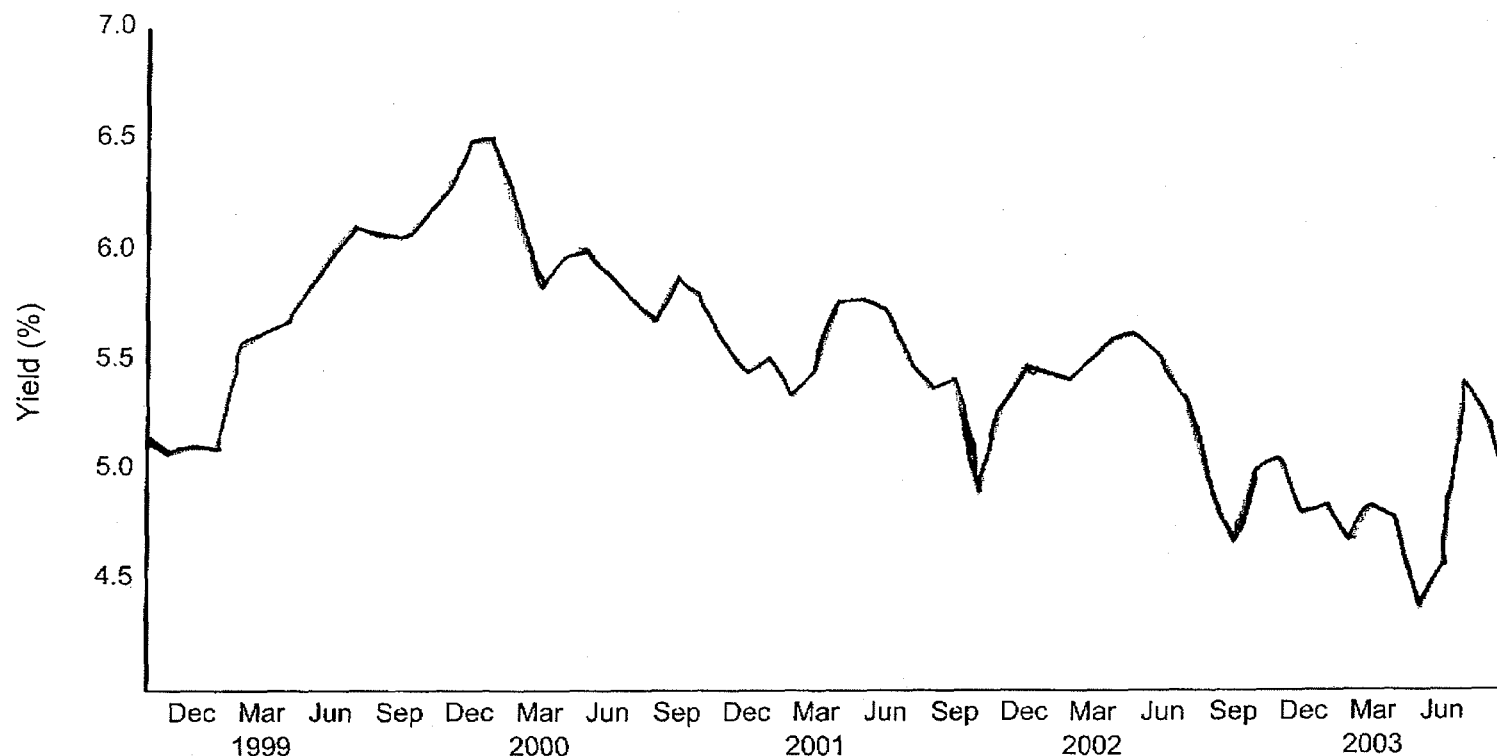
7.800% Due 2010	125,000,000
5.750% Due 2014	15,000,000
7.800% Due 2023	181,000,000
Floating rate Due 2005	100,000,000
4.875% Due 2012	<u>400,000,000</u>

Total securities authorized and outstanding at September 30, 2003	<u>1,142,795,234</u>
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\$ 865,373,368

Historical 30-Year Treasury Yields

MONTHLY DATA: OCTOBER 1998 THROUGH SEPTEMBER 2003



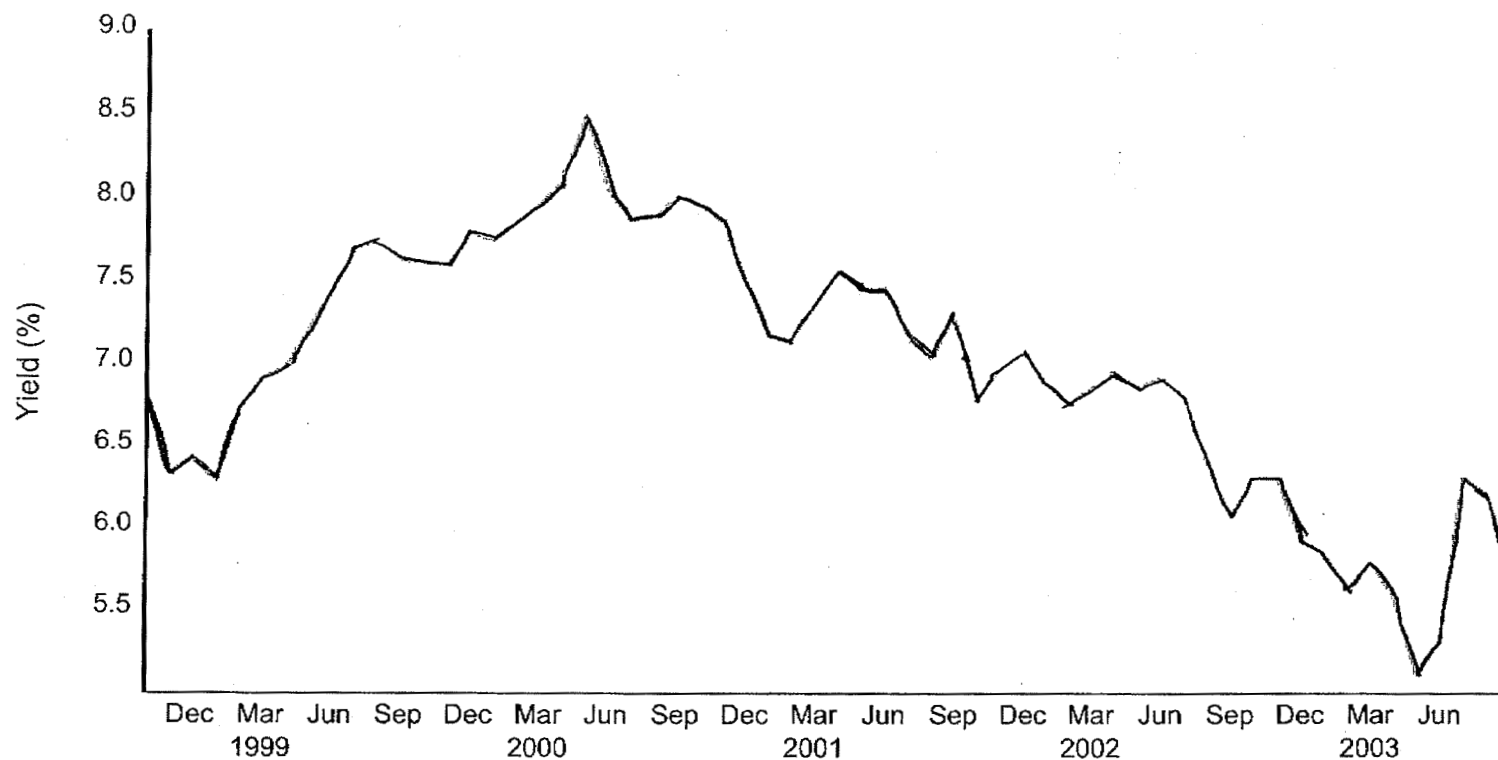
----- U.S. Government 30-Year Maturities

Summary Statistics:

High	Low	Average	Latest
6.49%	4.36%	5.47%	4.89%

Yield History of A-Rated 30-Year Utility Debt

MONTHLY DATA: OCTOBER 1998 THROUGH SEPTEMBER 2003



Summary Statistics:

High	Low	Average	Latest
8.51%	5.11%	6.99%	5.78%

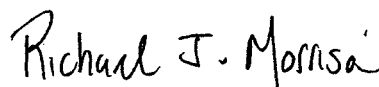
Certified Votes of Directors

VOTED: That the Chairman, President and Chief Executive Officer, Senior Vice President, Treasurer and Chief Financial Officer, the Senior Vice President/Strategy, Law & Policy, Clerk and General Counsel or the Assistant Treasurer of the Company is hereby authorized, in the name and on behalf of the Company, to file with the Massachusetts Department of Telecommunications and Energy an application relating to the issue and sale of up to \$500,000,000 aggregate principal amount of debt securities to be issued from time to time on or prior to December 31, 2005; and to take such further action in connection with such application as the officer or officers so acting may deem necessary, desirable or appropriate.

VOTED: That the Authorized Officers of the Company are, and each acting singly is, hereby authorized to execute and deliver such other documents and take such further actions in the name of the Company as the officer so acting shall deem advisable to implement the foregoing votes, such execution and delivery the taking of any such action to be conclusive evidence of its authorization by the Company.

THIS IS TO CERTIFY that the undersigned is Assistant Clerk of BOSTON EDISON COMPANY, a corporation of the Commonwealth of Massachusetts; that the above and foregoing is a true and correct copy of votes adopted by the Board of Directors of said Corporation at a special meeting thereof duly convened and held on the 11th day of December, 2003, at which meeting the entire Board was present and voting; and that said votes have not been annulled, revoked or amended in any way whatsoever, but are in full force and effect.

WITNESS the execution hereof as a sealed instrument this 1st day of December, 2003.



Assistant Clerk

KEEGAN WERLIN LLP

ATTORNEYS AT LAW
265 FRANKLIN STREET
BOSTON, MASSACHUSETTS 02110-3113

(617) 951-1400

TELECOPIERS:
(617) 951-1354
(617) 951-0586

December 2, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 03-129, Boston Edison Company, d/b/a NSTAR Electric

Dear Secretary Cottrell:

Dear Ms. Cottrell:

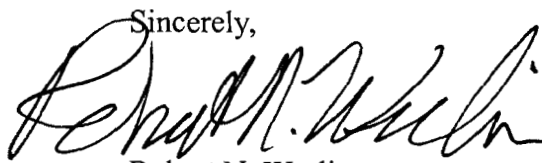
Enclosed please find the Motion of Boston Edison Company d/b/a NSTAR Electric (the "Company") to Extend Financing Plan (the "Motion") in the above-referenced proceeding. Also enclosed in support of the Motion is the Affidavit of Emilie G. O'Neil.

The Motion seeks only to extend the term of the financing plan approved by the Department of Telecommunications and Energy (the "Department") in D.T.E. 03-129 for a six-month period. As explained in the Motion and accompanying affidavit, the approved financing plan is scheduled to expire on December 31, 2005, but there remains \$200,000,000 of authorized securities that have yet to be issued. The Company requests that the financing plan be extended until June 30, 2006, under the identical terms approved by the Department. This will enable the Company to issue the remaining authorized securities during the first six months of the year and to propose a new multi-year financing plan after its 2006-2007 budget and capital planning process is complete.

Because the financing plan is scheduled to expire on December 31, 2005, the Company respectfully requests that the Department act on the Motion by that date.

Letter to Mary L. Cottrell
D.T.E. 03-129
December 2, 2005
Page 2

Thank you for your attention to this matter.

Sincerely,

Robert N. Werlin

Enclosures

cc: Service List

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Boston Edison Company
d/b/a NSTAR Electric

)
)
)
)
D.T.E. 03-129

**MOTION OF BOSTON EDISON COMPANY
d/b/a NSTAR ELECTRIC TO EXTEND FINANCING PLAN**

On December 12, 2003, Boston Edison Company, d/b/a NSTAR Electric (the "Company") filed an application with the Department of Telecommunications and Energy (the "Department") requesting approval of a financing plan to issue and sell from time to time, on or before December 31, 2005, long-term debt securities ("Securities"), in an aggregate amount not to exceed \$500,000,000. A hearing on this matter was held on February 26, 2004. No petitions for leave to intervene were filed. On April 1, 2004, the Department issued an order approving the Company's application. The Company now moves that the Department extend the period of the financing plan through June 30, 2006. The Company's motion does not seek to alter other terms or conditions of the Department's order in D.T.E. 03-129 and is supported by the attached Affidavit of Emilie G. O'Neil.

The Company's Financing Plan contemplated the issuance of up to \$500,000,000 of Securities from time to time through December 31, 2005, the proceeds of such issuance to be used primarily for: (i) the payment at maturity of certain outstanding long-term indebtedness and equity securities; (ii) the refinancing of long-term debt and/or equity securities; (iii) the payment of capital expenditures incurred for extensions, additions and improvements; (iv) the refinancing of short-term debt; (v) required debt

service reserve funds and similarly required funds for any tax-exempt debt to be issued: and/or (vi) general working capital purposes.

During the period of the Financing Plan, the Company has issued \$300,000,000 of Securities consisting of Debentures issued on April 16, 2004. The proceeds of this issuance were used to refinance short-term debt balances incurred primarily for working capital and capital expenditures. It now appears that internally generated funds have been sufficient to fund the balance of the Company's capital needs during the balance of the finance plan period. However, the Company expects that as a result of increasing energy prices, the Company will need to finance the purchase of energy for resale to customers. Although the Company is entitled to recover these costs through rates, it must finance them in the interim. Accordingly, the Company projects that the Company's short-term debt balances will grow from \$18 million at September 30, 2005, to approximately \$300 million during the first quarter of 2006, primarily due to increasing energy costs, as well as debt maturities and usual year-end working capital requirements. The Company's commercial paper program, and supporting revolving credit agreement, are limited to not more than \$350 million. The Company expects to refinance these short-term debt balances during the first half of 2006.

Although the Company expects to submit an application to the Department during the first half of 2006 for a new multi-year finance plan, the Company does not expect to have its 2006-2007 budget and capital planning process completed in sufficient time to allow for adequate Department review of the multi-year plan to allow for refinancing of these high short-term debt balances. Because \$200,000,000 of Securities remains available for issuance under the Company's 2004-2005 Financing Plan approved in

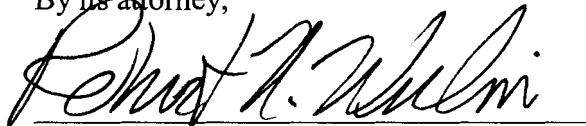
D.T.E. 03-129, the Company requests approval for an amendment of that order to extend the period of the Financing Plan through June 30, 2006, with no increase in the amount of securities authorized to be issued.

WHEREFORE, the Company requests that the Department grant this Motion to Extend the Financing Plan through June 30, 2006, in accordance with the terms of the Department's approval dated April 1, 2004.

Respectfully submitted,

BOSTON EDISON COMPANY
d/b/a NSTAR ELECTRIC

By its attorney,

A handwritten signature in black ink, appearing to read "Robert N. Werlin", is written over a horizontal line.

Robert N. Werlin
Keegan Werlin LLP
265 Franklin Street
Boston, MA 02110
(617) 951-1400

Dated: December 2, 2005

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Boston Edison Company,
d/b/a NSTAR Electric

D.T.E. 03-129

AFFIDAVIT OF EMILIE G. O'NEIL

Emilie G. O'Neil, being duly sworn, deposes and says as follows:

1. I am the Director of Corporate Finance and Cash Management for Boston Edison Company d/b/a NSTAR Electric (the "Company"). I am the same Emilie G. O'Neil who previously testified in this case.
2. During the period of the financing plan, the Company has issued \$300,000,000 of securities consisting of debentures issued on April 16, 2004. The proceeds of this issuance were used to refinance short-term debt balances incurred primarily for working capital and capital expenditures.
3. The Company projects that its short-term debt balances will grow from \$18 million at September 30, 2005, to approximately \$300 million during the first quarter of 2006, primarily due to increasing energy costs, as well as debt maturities and usual year-end working capital requirements. The Company's commercial paper program, and supporting revolving credit agreement, are limited to not more than \$350 million. The Company expects to refinance these short-term debt balances during the first half of 2006.
4. Although the Company expects to submit an application to the Department during the first half of 2006 for a new multi-year finance plan, the Company does not expect to have its 2006-2007 budget and capital planning process completed in sufficient time to allow for adequate Department review of the multi-year plan in sufficient time to allow for refinancing of these high short-term debt balances.
5. At this time, there remains \$200,000,000 of securities available for issuance under the Company's financing plan approved in D.T.E. 03-129 and the Company desires to issue additional securities in accordance with the terms of the Department's order no later than June 30, 2006.

6. Therefore, the Company requests approval of an extension, until June 30, 2006, of the financing plan.

Signed under the pains and penalties of perjury this 2nd day of December 2005.

Emilie G. O'Neil
Emilie G. O'Neil

Information Request AG-2-11

Are there any costs related to equipment and facilities utilized in the provision of transmission service above 13.8kV included in the "13.8kv" facilities that NSTAR proposes to transfer to Cambridge's distribution service? If yes, please identify by FERC Account number, provide the 2005 costs and identify these costs by annotating Exh. CLV-7.

Response

The costs included in Exhibit NSTAR-CLV-7 are a complete accounting of all 13.8 kV costs that the Companies are proposing to transfer to Cambridge's distribution service.